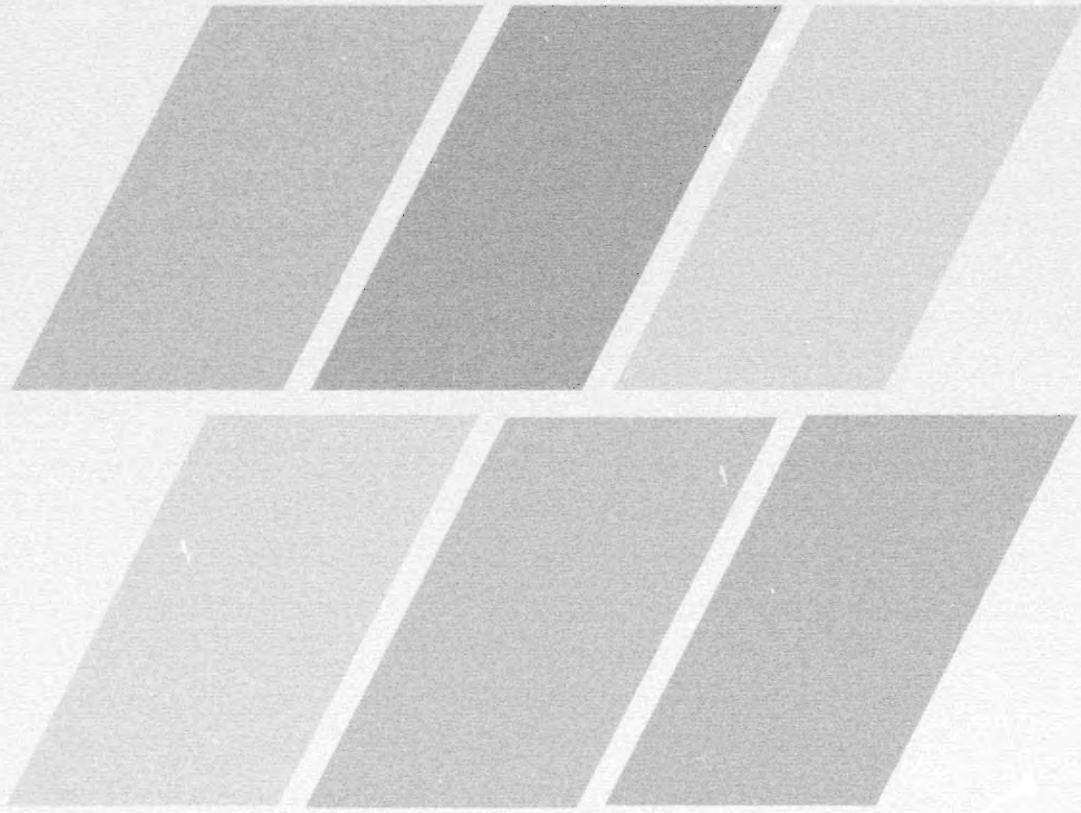
NIAGARA REGION

Quarterly Financial Update

December 2014

Niagara Region



Quarterly Financial Update

Niagara Region

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INTRODUCTION

On behalf of Niagara Region, we are pleased to provide you with the fourth quarter and year-end financial update.
Niagara is a culturally rich and historically significant region that offers its residents a mix of urban and rural living within 12 area municipalities. The Region boasts a diverse economy that includes manufacturing, tourism, agriculture and emerging sectors such as new media, green technology and bioscience.

Regional government operations are overseen by Niagara Regional Council which is composed of 30 elected representatives from 12 area municipalities and the Regional Chair. The current Regional Council was elected in October 2014 and the 31 members will serve a four year term to November 30, 2018.

Niagara Region concluded the year with a funding surplus of $234 thousand related to the levy programs, $753 thousand surplus related to Water and Wastewater programs, and $3.6 million related to the Waste Management Program.

Affordability and sustainability are two key elements of Niagara Region's budget strategy. Achieving a balance between providing the programs and services residents have come to rely upon, ensuring they can afford to pay for them and ensuring that we have money to fund future infrastructure and program needs is critical. We would appreciate your feedback at www.niagararegion.ca.

We hope you will find the information provided in this report of interest and welcome any suggestions for its improvement going forward.

Maurice Lewis,
Treasurer,
Commissioner of Corporate Services

Operating Funding Surplus/(Deficit) Review

Water & Wastewater

Operating Funding Surplus	**$**	**752,751**
% of total spending		0.69%
% of rate revenue		-0.70%

Wastewater Services' surplus of $906,984 is driven primarily by lower than expected biosolids handling volume due to lower wastewater flows and equipment down time as well as reduced consulting services due to diversion of staff to the design of the new Niagara-on-the-Lake wastewater treatment plant. There were also vacancies in wastewater operators, staff working in dual roles, and a delay in the supervisory training program that contributed to the year-end surplus. Water Operations realized a $154,233 deficit as a result of lower than forecasted water sales due to cooler than normal weather. The combined Water and Wastewater surplus is $752,751.

Waste Management

Operating Funding Surplus	**$**	**3,579,900**
% of total spending		7.19%
% of rate revenue		-10.13%

Waste Management's surplus of $3,579,900 was a result of reduced expenditures in the disposal program areas due to the delay in the opening of Bridge Street landfill, reduced expenditures in consulting services due to the deferral of the Alternative Technology project, and favourable contract adjustments due to lower than budgeted fuel prices for base and enhanced collection contracts.

Higher recycling processing revenue due to improved market pricing compared to budget, higher tonnages than anticipated, especially from commercial sources, and a one-time arbitration Stewardship Ontario Blue Box arbitration award ($353,960) also contributed to the surplus. One of the primary drivers of the increased processing tonnages was the award of the Waterloo mixed fibres and plastic bags processing contract which commenced April 4, 2014. These revenue sources were not included in the 2014 approved budget and apart from the one-time revenues have been reflected in the 2015 budget.

Levy

Operating Funding Surplus	**$**	**234,181**
% of total spending		0.03%
% of levy revenue		-0.07%

Reduced PIL revenues from the casino, higher than expected development incentive program costs, Industrial Development Charge grants and tax write-offs resulting from ARB decisions resulted in a deficit of $3.6 million. This was mitigated by savings from transportation signal and sign maintenance and vehicle and equipment materials, favourable utility expenses from Regional facilities as well as Niagara Regional Housing and favourable additional revenues generated primarily in investment income. Niagara Regional Police Services surplus has also contributed to mitigation of the shortfall.

Final allocation of the year end surplus/deficit is subject to approval by Council projected to occur in early 2015. As proposed in CSD 26-2015, it is recommended that the year-end surplus be transferred to reserves as follows:

Police Services Board Contingency Reserve	$	164,306	Retain Police Services Board surplus as a contingency for future program needs
Court Services Facility Renewal Reserve		(406,745)	Eliminate 2014 Court Services deficit
General Capital Levy Reserve		42,452	Fund Broadoak development project (NRH)
Taxpayer Relief Reserve		434,168	Reduce levy requirements in future years
Levy related transfers	$	234,181	
Water Operating Reserve	$	(154,233)	Eliminate the 2014 deficit in Water Operations
Wastewater Capital Reserve		906,984	Support the long term capital financing plans
Waste Management Reserve		3,579,900	Support the long term capital financing plans
Rate related transfers	$	4,332,651	

Water and Wastewater Services - Statement of Operations

Object of Expenditure Description	Annual Budget	Actual	Annual Budget vs Actual Variance Favourable/ (Unfavourable)	Variance (%)
Gross Expenditure				
Personnel Costs	$ 21,456,127	$ 20,489,878	$ 966,249	4.5%
Administrative Expenses	513,640	557,556	(43,916)	(8.5%)
Materials, Supplies & Utilities	13,518,018	13,871,706	(353,688)	(2.6%)
Repairs & Maintenance	8,537,731	7,892,674	645,057	7.6%
Purch. Serv. & Other Operating Expenses	12,627,849	11,299,069	1,328,780	10.5%
Capital Equipment & Renovations	168,980	286,958	(117,978)	(69.8%)
Transfers to Reserves	40,151,006	40,742,015	(591,009)	(1.5%)
Allocations Between Departments	2,983,960	2,953,795	30,165	1.0%
Allocations to Capital Program	(567,000)	(452,462)	(114,538)	(20.2%)
Total Gross Expenditure	**99,390,311**	**97,641,189**	**1,749,122**	**1.8%**
Revenue				
Taxation - Rate	(107,222,141)	(105,815,205)	(1,406,936)	(1.3%)
Fees & Service Charges	(1,643,039)	(1,527,240)	(115,799)	(7.0%)
Other Revenue	(12,000)	(64,353)	52,353	436.3%
Transfers from Reserves	(750,000)	(1,285,160)	535,160	71.4%
Total Revenue	**(109,627,180)**	**(108,691,958)**	**(935,222)**	**(0.9%)**
Net Expenditure/(Revenue) before Indirect Allocation	**(10,236,869)**	**(11,050,769)**	**813,900**	**8.0%**
Indirect Allocation				
Indirect Allocation	3,129,218	3,196,465	(67,247)	(2.1%)
Capital Financing Allocation	7,116,147	7,110,050	6,097	0.1%
Total Indirect Allocation	**10,245,365**	**10,306,515**	**(61,150)**	**(0.6%)**
Net Expenditure/(Revenue) after Indirect Allocation	**$ 8,496**	**$ (744,254)**	**$ 752,750**	**8,860.1%**

Water and Wastewater Services - Statement of Operations

Community Impacts & Achievements

The Water Operations Division treated 56.5 billion liters of water in 2014 through 6 water treatments plants and 316 kms of watermains. Similarly, the Wastewater Operations Division treated 73.4 billion liters of wastewater in 2014 across 11 plants and one lagoon, with collection through 123 pump stations and 283 km of wastewater mains. In addition, these divisions are also responsible for input into water and wastewater approvals and master plans, design and construction, residual waste management, laboratory services, utility locates, environmental monitoring and enforcement, and sourcewater protection.

2014 Project Update/Accomplishments:

- Wastewater best practices working group with Local Area Municipalities and the Region
- Wastewater Quality Management System (QMS) introduced this year
- Children's Water Festival
- Water Wagon deployment
- Enhanced community involvement and outreach – Fats Oils and Grease (FOG) and 'your toilet IS NOT a trash can'
- The new Niagara-on-the-Lake (NOTL) wastewater treatment plant project has been successfully tendered and construction is underway
- The Welland water treatment plant project has been successfully tendered and construction is underway.

Variance Analysis

The following factors have contributed to the Water / Wastewater Services year-end variances:

Personnel Costs: The favourable variance of $966,249 is driven mainly by continued recruitment challenges resulting in vacancies in technical trades, water and wastewater operators resulting in staff working in dual roles, and a delay in the supervisory training program. Fewer vacancies are expected in 2015.

Administrative Expenses: The unfavourable variance of $43,916 is driven mainly by costs for seminars, workshops, and conferences. In addition, Ontario hosted the International Public Works Conference in 2014 and Niagara played a significant role in the planning and delivery of the conference, however these costs exceeded what was budgeted.

Repairs & Maintenance: The favourable variance of $645,057 is driven by emergency funds embedded within this category that were not expended. These related mainly to building, equipment, and sewers. In addition, work such as the cleaning of the Grimsby water intake that was budgeted in 2014 did not finish and funds have therefore been encumbered into 2015 to complete the job ($591,009).

Purch. Serv. & Other Operating Exp.: The favourable variance of $1,328,780 is driven mainly by; the reduction/deferral of consulting services including condition assessments, consolidated drawing management and process reviews as well as diversion of staff to design the new Niagara-on-the-Lake wastewater treatment plant ($609,433); lower than expected biosolids handling volume due to lower wastewater flows and equipment downtime ($419,856); and reduced waste disposal due to settling tanks not requiring cleaning at the Decew plant because of being offline for plant upgrades ($140,052).

Transfers to Reserves & Reserve Funds: The unfavourable variance of $591,009 is due to encumbering one-time funding in the 2014 budget intended for the intake cleaning at the Grimsby plant. Work was delayed in 2014 and will not be finished until 2015.

Taxation - Rate: The unfavourable variance of $1,406,936 is driven by lower than forecasted water sales due to cooler than normal weather.

Fees & Service Charges: The unfavourable variance of $115,799 is mainly due to reduced sewer surcharge revenue ($169,299) and a reduction of telecommunications equipment on Regionally owned water towers for which rental revenue is received ($66,583). These have been partially offset by an increase in hauled sewage revenue ($78,374).

Transfers from Reserves & Reserve Funds: The favourable variance of $535,160 is due to the previous encumbrance for intake cleaning at the Rosehill plant. Actual costs for this work are included above in Repairs & Maintenance.

Waste Management - Statement of Operations

Object of Expenditure Description	Annual Budget	Actual	Annual Budget vs Actual Variance Favourable/ (Unfavourable)	Variance (%)
Gross Expenditure				
Personnel Costs	$ 3,722,294	$ 3,251,678	$ 470,616	12.6%
Administrative Expenses	306,770	286,536	20,234	6.6%
Materials, Supplies & Utilities	2,924,291	3,314,609	(390,318)	(13.3%)
Repairs & Maintenance	849,271	850,793	(1,522)	(0.2%)
Purch. Serv. & Other Operating Expenses	35,902,617	34,818,429	1,084,188	3.0%
Financial Expenditures	-	(85,838)	85,838	100.0%
Capital Equipment & Renovations	61,154	44,103	17,051	27.9%
Transfers to Reserves	784,034	1,354,677	(570,643)	(72.8%)
Allocations Between Departments	352,255	320,076	32,179	9.1%
Allocations to Capital Program	(181,300)	(45,913)	(135,387)	(74.7%)
Total Gross Expenditure	**44,721,386**	**44,109,150**	**612,236**	**1.4%**
Revenue				
Taxation - Rate	(35,345,808)	(35,335,879)	(9,929)	(0.0%)
Ontario/Canada Grants	(4,089,850)	(4,443,810)	353,960	8.7%
Fees & Service Charges	(3,102,875)	(3,343,277)	240,402	7.7%
Other Revenue	(7,230,412)	(8,958,626)	1,728,214	23.9%
Transfers from Reserves	-	(793,068)	793,068	100.0%
Total Revenue	**(49,768,945)**	**(52,874,660)**	**3,105,715**	**6.2%**
Net Expenditure/(Revenue) before Indirect Allocation	**(5,047,559)**	**(8,765,510)**	**3,717,951**	**73.7%**
Indirect Allocation				
Indirect Allocation	910,052	1,138,257	(228,205)	(25.1%)
Capital Financing Allocation	4,137,507	4,047,353	90,154	2.2%
Total Indirect Allocation	**5,047,559**	**5,185,610**	**(138,051)**	**(2.7%)**
Net Expenditure/(Revenue) after Indirect Allocation	**$ -**	**$ (3,579,900)**	**$ 3,579,900**	**100.0%**

Waste Management - Statement of Operations

Community Impacts & Achievements

Waste Management Services (WMS) is responsible for the operation of various facilities (landfill sites, Municipal Hazardous & Special Waste (MHSW) depot and recycling centre), the delivery of curbside waste, recycling and organics collection services and diversion programs, the management of long-term organics processing and disposal contracts, as well as policy development and capital program delivery. In addition to the operation of permanent drop-off depots, special event days are provided for diverting recyclables, electronics, MHSW waste, scrap metal and other materials.

2014 significant programs that drive the annual budget include:
- Waste, recyclables and organics collection contracts for base and enhanced service levels;
- Contracts with Walker for organics processing and waste disposal;
- Operations and maintenance contracts at open and closed landfill sites;
- Operation of a Regional recycling centre which is a net revenue generator; and
- Diversion initiatives including programs at drop-off depots and special event days and supporting outreach and communications.

2014 project updates/accomplishments include:
- Award of 3 year RFP to process Waterloo's mixed fibres and plastic bags resulting in a net increase in recycling processing revenue;
- Service area expansion for Niagara Road 12 MHSW Depot;
- Initiation of 1 year pilot program at Regional landfill drop-off depots for the recycling of carpets/underpads and mattresses/boxsprings;
- Implementation of the Special Events Organics Program with cost recovery fee;
- Curbside collection of single use dry cell batteries from low density residential properties for one week annually region-wide;
- Weekly recycling and organics collection for businesses and mixed use properties with a residential component;
- Collection of fats, oils and grease for recycling at the Region's Humberstone and Niagara Road 12 landfill drop-off depots and Walker's Residential Drop-off Depot; and
- Illegal Dumping Working Group initiatives - partnership between the Region and Local Area Municipalities.

Niagara is also the recipient of four awards from the Recycling Council of Ontario, which represents success as part of benchmarking of the Region's performance against that of other municipalities:
i) Gold Award, in the Municipal Diversion category, recognized the Region's efforts to increase Niagara's diversion rate through the implementation of new and innovative waste diversion programs and through the promotion of programs as part of a comprehensive social marketing and outreach strategy.
ii) Gold Award, in the Municipal Special Programs category, recognized efforts made by the Region and all 12 Local Area Municipalities to address illegal dumping through the creation of the "See It-Report It" campaign. Through collaborative efforts and financial support, from the Local Area Municipalities and the Region, a consistent approach was developed to manage illegal dumping, and to encourage the public to become engaged in reporting illegal dumping.
iii) Silver Award, in the Municipal Communication category, for the "ReThink Your Waste" activity book, which was created to enhance Niagara Region's Waste Management Elementary Education Program.
iv) Silver Award, in the Municipal Special Program category, recognized the combined efforts of Emterra Environmental and Niagara Region for their on-going "Make Your Contribution at the Curb"™ Campaign, which is raising funds to purchase new cancer treatment equipment at the Walker Family Cancer Centre.

Variance Analysis

The following factors have contributed to the Waste Management Services Division year-end surplus:

Personnel Costs – The favourable variance of $470,616 is due to vacancy management actions taken, including delaying the advertising of vacant positions, delaying the backfill of a position and backfilling at a lower cost.

Materials, Supplies & Utilities: An unfavourable variance of $390,318 is primarily due to increased costs due to the Waterloo contract which commenced in April ($520,546). This is partially offset by reduced recycling centre residue costs of $143,269.

Purch. Serv. & Other Operating Expenses: A favourable variance of $1,084,188 is largely due to reduced expenditures in the disposal program areas ($599,006), which reflect the delay in the opening of Bridge Street landfill by six months, award of the Landfill Liability RFP in 2015, reduced contract service costs including no Odour Control Facility contract costs due to timing of construction of Humberstone gas collection and containment system, which is still in progress; savings of $407,040 in annual contract adjustments due to lower than budgeted fuel prices for base and enhanced collection contracts; and reduced expenditures of $408,209 in consulting services due to the deferral of the Alternative Technology project and timing of multi-year projects which are reflected in Transfers to Reserves & Reserve Funds. This favourable variance is partially offset by increased haulage costs due to the Waterloo contract ($400,992).

Transfers to Reserves & Reserve Funds: An unfavourable variance of $570,643 reflects the 2014 encumbrances for multi-year projects/contracts.

Allocations to Capital Program: The unfavourable variance of $135,387 is largely due to a reduction in staff time charged to capital projects, which is fully offset by the favourable variance in Personnel Costs.

Ontario/Canada Grants: A favourable variance of $353,960 is primarily due to the one-time increase in Waste Diversion Ontario/Stewardship Ontario Blue Box funding, which was based on results of the Association of Municipalities of Ontario, City of Toronto, and Stewardship Ontario Blue Box arbitration process.

Fees & Service Charges: The favourable variance of $240,402 is primarily driven by higher tipping fees due to increased tonnage at landfills.

Other Revenue: The favourable variance of $1,728,214 is primarily driven by higher recycling processing revenue due to the Waterloo contract (approximately $1.6 million gross, $600,000 net), improved market pricing compared to budget, and higher tonnages than anticipated, especially from commercial sources.

Transfers from Reserves: A favourable variance of $793,068 is based on 2013 encumbrances for multi-year projects/contracts.

Consolidated Levy - Statement of Operations

Object of Expenditure Description	Annual Budget	Actual	Annual Budget vs Actual Variance Favourable/ (Unfavourable)	Variance (%)
Gross Expenditure				
Personnel Costs	$ 335,639,607	$ 337,118,244	$ (1,478,637)	(0.6%)
Administrative Expenses	6,663,134	6,941,369	(278,235)	(5.5%)
Materials, Supplies & Utilities	30,224,486	28,079,747	2,144,739	9.6%
Repairs & Maintenance	10,637,228	10,813,848	(176,620)	(2.3%)
Purch. Serv. & Other Operating Expenses	79,086,400	83,189,339	(4,102,939)	(6.9%)
Social Assistance	106,889,082	95,884,511	11,004,571	13.7%
Financial Expenditures	55,325,403	58,837,891	(3,512,488)	(8.4%)
Capital Equipment & Renovations	1,499,849	1,775,448	(275,599)	(25.2%)
Housing Provider Subsidy & Supplements	29,223,771	29,298,130	(74,359)	(0.3%)
Transfers to Reserves	38,261,706	40,300,333	(2,038,627)	(10.3%)
Allocations Between Departments	(3,336,873)	(3,273,896)	(62,977)	(2.5%)
Allocations to Capital Program	(1,957,644)	(2,250,266)	292,622	19.9%
Total Gross Expenditure	**688,156,149**	**686,714,698**	**1,441,451**	**0.3%**
Revenue				
Taxation - Levy	(328,661,408)	(327,201,569)	(1,459,839)	(0.6%)
Ontario/Canada Grants	(261,419,783)	(255,233,110)	(6,186,673)	(3.2%)
Fees & Service Charges	(34,022,257)	(34,883,495)	861,238	3.4%
Other Revenue	(39,072,753)	(42,828,720)	3,755,967	13.1%
Transfers from Reserves	(9,695,520)	(11,318,343)	1,622,823	27.9%
Total Revenue	**(672,871,721)**	**(671,465,237)**	**(1,406,484)**	**(0.3%)**
Net Expenditure/(Revenue) before Indirect Allocation	**15,284,428**	**15,249,461**	**34,967**	**0.2%**
Indirect Allocation				
Indirect Allocation	(4,039,270)	(4,334,731)	295,461	9.7%
Capital Financing Allocation	(11,253,654)	(11,157,404)	(96,250)	(1.1%)
Total Indirect Allocation	**(15,292,924)**	**(15,492,135)**	**199,211**	**1.7%**
Net Expenditure/(Revenue) after Indirect Allocation	**$ (8,496)**	**$ (242,674)**	**$ 234,178**	**3.5%**

Consolidated Levy - Statement of Operations

Variance Analysis

The following factors have contributed to the consolidated levy year-end variance:

Personnel Costs: The unfavourable variance of $1,478,637 relates to costs incurred as part of the corporate reorganization, which have been funded in part with transfers from Improvement Initiative Reserve noted below.

Administrative Expenses: The unfavourable variance of $278,235 is primarily the result of costs related to the co-hosting of the 2014 Federation of Canadian Municipalities (FCM) conference. These costs are offset by additional revenues recorded in Ontario/Canada Grants and Other Revenue.

Materials, Supplies & Utilities: The favourable variance of $2,144,739 is due to lower than anticipated signal and sign maintenance material usage, as a result of lower than anticipated demand for signal and sign maintenance work by the Local Area Municipalities (LAM) and other third parties. The variance is further driven by lower than anticipated expenses for vehicle and equipment parts. Also contributing to the favourable variance was less utilitily costs in the Niagara Regional Housing division due to improved energy efficiencies. Through their preventative maintenance and capital programs, energy-efficiencies such as weatherization initiatives, high efficiency lighting upgrades, new energy efficient windows and doors, high efficiency furnaces, and new hot water tanks contributed to reduced utility consumption. In 2014, favourable weather conditions in summer and fall also contributed to lower consumption. When combined with lower than anticipated gas rates, significant savings were realized.

Purchased Services & Other Operating Expenditures: The unfavourable variance of $4,102,939 is a result of unbudgeted funding from the Ministry of Education due to a funding formula change for child care across the Province, and Consolidated Homelessness Prevention Initiative supports (CHPI) funding. This variance is offset by unbudgeted revenue in Ontario/Canada Grants. Also contributing to the unfavourable variance are an in increase in winter maintenance, roads resurfacing, and crack sealing costs due to pavement surface deterioration resulting from the harsh winter.

Social Assistance: The favourable variance of $11,004,574 is a net result of a favourable variance in the Allowance and Benefit program of $13,058,389 (offset by reduced provincial funding) and an unfavourable variance in the Employment program of $2,053,815. The Allowance and Benefit program had a favourable variance as a result of the OW caseload and changing demands for allowances and benefits based on case type. The unfavourable variance in the Employment program is a result of increased investments made in employment supports, including transportation and training. Approval for an additional $1,000,000 in expenditures for the Employment program was approved mid-year by the Province resulting in additional funding of $500,000 to apply to the overage.

Financial Expenditures: The unfavourable variance of $3,512,488 is due to higher than expected grants awarded for Niagara Incentive Programs. An increase in tax write-offs in 2014, as Municipal Property Assessment Corporation (MPAC) and the Assessment Review Board (ARB) have made an effort to reduce the number of outstanding assessment appeals, also contributed to the unfavourable variance. In addition, the carrying costs associated with issuing debt earlier than expected contributed to the unfavourable variance.

Captital Equipment & Renovations: The forecasted unfavourable variance of $275,599 is primarily the result of leasehold improvements and furniture purchases for the new EMS fleet centre and a greater than anticipated number of computer replacements within public health.

Transfers to Reserves: The unfavourable variance of $2,038,627 is primarily the result of 2014 Encumbrance Reserve transfers of $3,461,269 which is offset by a reduction in transfers to the General Capital Levy Reserve resulting from the early issuance of debt.

Ontario/Canada Grants: The unfavourable variance of $6,186,673 is due to lower grants as a result of social assistance caseload mix identified above which is funded, in 2014, at a rate of 88.6%. Offsetting the lower social assistance grants, the Region received an additional $500,000 in unbudgeted provincial funding to assist with the overage in the Employment program as well as $156,300 in unbudgeted one-time funding for SAMS implementation to offset costs incurred to date (of which $112,910 was recognized in 2014).

Other Revenue: The positive variance of $3,755,967 is driven by: additional investment income earned in the year (see investment report for further details); unbudgeted sale of land on Allendale Road; revenues related to FCM conference that were not included in the budget; one-time budgeted program grant from the Registered Nurses Association of Ontario, secondment revenue for a nurse working at the Ministry of Health and Long Term Care; the recognition of deferred revenues in the Omega and Resuscitation Outcomes Consortium programs from 2013; cross border billing cost recovery from the City of Hamilton by EMS; unbudgeted funding opportunities through the Ministry of Education, Ministry of Children and Youth Services and Business Education Council and fleet disposal proceeds in excess of those budgeted.

Transfers from Reserves: The favourable transfers from reserves of $1,622,823 is mainly being driven by:

- $1.2 million transfer from the encumbrance reserve for 2013 encumbrances to be used by levy supported departments in 2014 per report CSD 14-2014
- $1 million transfer from the Improvements Initiative Reserve to fund labour relations costs incurred as part of the corporate reorganization
- $0.4 million of unbudgeted transfers from reserves was used to cover the increase in development incentive programs
- $0.3 million to cover the debt charges funded from Police Long Term Accomodation (LTA)
- $1.5 million of unused reserve dollars that were transferred back to the reserves at year-end

See the Reserves/Deferred Revenue (RES/DREV) section for a full reconciliation of reserve transfers outside of the 2014 Council approved budget.

Governance - Statement of Operations

Object of Expenditure Description	Annual Budget	Actual	Annual Budget vs Actual Variance Favourable/ (Unfavourable)	Variance (%)
Gross Expenditure				
Personnel Costs	$ 2,395,442	$ 2,393,570	$ 1,872	0.1%
Administrative Expenses	232,280	143,849	88,431	38.1%
Materials, Supplies & Utilities	51,894	50,571	1,323	2.5%
Repairs & Maintenance	550	-	550	100.0%
Purch. Serv. & Other Operating Expenses	292,938	342,762	(49,824)	(17.0%)
Capital Equipment & Renovations	5,072	3,093	1,979	39.0%
Transfers to Reserves	-	49,000	(49,000)	100.0%
Allocations Between Departments	9,140	9,124	16	0.2%
Total Gross Expenditure	**2,987,316**	**2,991,969**	**(4,653)**	**(0.2%)**
Revenue				
Fees & Service Charges	-	(3,914)	3,914	100.0%
Other Revenue	(20,000)	(35,430)	15,430	(77.2%)
Transfers from Reserves	(28,000)	(107,793)	79,793	(285.0%)
Total Revenue	**(48,000)**	**(147,137)**	**99,137**	**206.5%**
Net Expenditure/(Revenue) before Indirect Allocation	**2,939,316**	**2,844,832**	**94,484**	**3.2%**
Indirect Allocation				
Indirect Allocation	554,088	864,792	(310,704)	(56.1%)
Capital Financing Allocation	185,220	185,259	(39)	(0.0%)
Total Indirect Allocation	**739,308**	**1,050,051**	**(310,743)**	**(42.0%)**
Net Expenditure/(Revenue) after Indirect Allocation	**$ 3,678,624**	**$ 3,894,883**	**$ (216,259)**	**(5.9%)**

Governance - Statement of Operations

Community Impacts & Achievements

Q4 Project Updates/Accomplishments

- Federation of Canadian Municipalities (FCM) co-hosted with City of Niagara Falls
- Consolidation of the business support functions (i.e. finance and performance measurement) and moving towards a One Team model for the organization
- Implementation of Council's 2012-2015 Business Plan to improve services and reduce costs; improve Niagara's economy, governance and community services
- "AMO Niagara – Building Niagara Together" event held on June 13, 2014
- Lead advocacy with the Province of Ontario to secure GO Rail service to Niagara Falls with stops in Grimsby and St. Catharines by the summer of 2015
- Long-Term Care Home redevelopment report presented to Council
- Supported the efficiency study work related to the laundry operations at the Long-Term Care Homes
- Supported the Niagara Regional Police and Court Services e-ticketing project
- Supported the Court Services facilities project
- Reviewed and implemented Procedural by-law amendments as required and established recommendations for the incoming term of council
- Awarded the contract for the installation and have actively been establishing the process for conversion to the "Open Window" project enabling the electronic publication and distribution of reports, agendas minutes etc. It is anticipated that e-scribe will be rolled out in the new year
- In support of Governance Review, reviewed current committee structure and provided recommendations for discontinuance of some committees and guidelines for further assessment for reference by incoming council

Variance Analysis

The following factors have contributed to the Governance Division year-end variance:

Administrative Expenses: The favourable variance of $88,431 is a result of the FCM conference being held in Niagara Falls reducing the amount of travel expenses, and lower than expected costs for new council orientation and inaugural events.

Purchasing Services & Other Operating Expenses: The unfavourable variance of $49,824 is due to the absence of the Integrity Officer expenditure in the budget and consulting expenditures that are offset with the favourable variance in Transfers from Reserves.

Transfers to Reserves: The unfavourable variance of $49,000 relates to encumbrances created to cover committed consultant work pertaining to legal and procurement services.

Fees & Service Charges: The favourable variance of $3,914 relates to fees paid for commissioning (i.e. declaration of oaths, affidavits, etc.).

Other Revenue: The favourable variance of $15,430 is a result of higher than budgeted HST rebate for the Regional Chair and Council remuneration.

Transfer from Reserves: The favourable variance of $70,800 relates to a transfer from the encumbrance reserve for consultant work for the long term care homes efficiency study.

General Government - Statement of Operations

Object of Expenditure Description	Annual Budget	Actual	Annual Budget vs Actual Variance Favourable/ (Unfavourable)	Variance (%)
Gross Expenditure				
Personnel Costs	$ -	$ 53	$ (53)	100.0%
Administrative Expenses	500	165	335	67.0%
Materials, Supplies & Utilities	2,000	3,260	(1,260)	(63.0%)
Repairs & Maintenance	56,000	20,190	35,810	63.9%
Purch. Serv. & Other Operating Expenses	5,914,749	5,858,065	56,684	1.0%
Financial Expenditures	41,966,715	46,731,535	(4,764,820)	(11.4%)
Transfers to Reserves	28,434,850	28,538,647	(103,797)	(0.4%)
Allocations Between Departments	-	120	(120)	100.0%
Total Gross Expenditure	**76,374,814**	**81,152,035**	**(4,777,221)**	**(6.3%)**
Revenue				
Taxation - Levy	(328,661,408)	(327,201,569)	(1,459,839)	0.4%
Fees & Service Charges	-	(12,501)	12,501	100.0%
Other Revenue	(12,859,795)	(14,704,421)	1,844,626	(14.3%)
Transfers from Reserves	(3,330,225)	(4,051,636)	721,411	(21.7%)
Total Revenue	**(344,851,428)**	**(345,970,127)**	**1,118,699**	**0.3%**
Net Expenditure/(Revenue) before Indirect Allocation	**(268,476,614)**	**(264,818,092)**	**(3,658,522)**	**1.4%**
Indirect Allocation				
Indirect Allocation	(17)	174	(191)	1,123.5%
Capital Financing Allocation	(48,793,266)	(48,802,757)	9,491	(0.0%)
Total Indirect Allocation	**(48,793,283)**	**(48,802,583)**	**9,300**	**(0.0%)**
Net Expenditure/(Revenue) after Indirect Allocation	**$ (317,269,897)**	**$ (313,620,675)**	**$ (3,649,222)**	**1.2%**

General Government - Statement of Operations

Community Impacts & Achievements

General Government includes:

- Net levy Taxation Revenue: The Region has the responsibility to fund costs associated with Property Assessment Services which are provided by the Municipal Property Assessment Corporation (MPAC);
- Investment Income: The Region owns and earns income on investments held with different institutions (see investment report for further details);
- Economic Incentives and other support: The Region contributes funding to the Niagara Health System's New Cancer Centre as well as grants related to development charges, the Pan Am games, the Youth Retention Program, Niagara 1812 Bi-centennial and the Smarter Niagara Incentive Project; and
- Capital Financing: The Region funds its capital programs through multiple financing sources such as capital levy reserve contributions and debt charges.

Variance Analysis

The following factors have contributed to General Government's fourth quarter variance:

Financial Expenditures: The unfavourable variance of $4,774,996 is due to higher than expected grants awarded for tax increment financing and residential grant/loan programs ($952,910) and Industrial Development Charge grants ($248,536). An increase in tax write-offs ($1,595,849) in 2014, as Municipal Property Assessment Corporation (MPAC) and the Assessment Review Board (ARB) have made an effort to reduce the number of outstanding assessment appeals, also contributed to the unfavourable variance. In addition, $2,393,070 in debt charges were realized on debt that was issued earlier than expected which was mitigated by a reduction in transfer to the General Capital Levy Reserve. This variance was also partially offset by a favourable change in legal liabilities of $324,500.

Taxation Levy: The unfavourable variance of $1,689,555 is primarily a result of reduced PIL revenue from Casino.

Other Revenue: The favourable variance of $2,075,949 is primarily a result of additional investment income earned thus far in the year (see investment report for further details). The sale of land on Allendale Road, which was not budgeted, also contributed to the favourable variance.

Transfer from Reserves: The favourable variance of $721,411 is a result of the transfers to cover the increase in Smarter Niagara Incentive Program grants ($398,536), as well as the transfer from reserves ($322,875) to cover the unbudgeted debt charges to the Police Long Term Accomodation (LTA) building contributed to the variance.

Corporate Administration - Statement of Operations

Object of Expenditure Description	Annual Budget	Actual	Annual Budget vs Actual Variance Favourable/ (Unfavourable)	Variance (%)
Gross Expenditure				
Personnel Costs	$ 9,975,023	$ 11,654,713	$ (1,679,690)	(16.8%)
Administrative Expenses	387,977	1,134,665	(746,688)	(192.5%)
Materials, Supplies & Utilities	316,590	263,720	52,870	16.7%
Repairs & Maintenance	77,800	97,507	(19,707)	(25.3%)
Purch. Serv. & Other Operating Expenses	1,276,086	1,313,210	(37,124)	(2.9%)
Capital Equipment & Renovations	21,282	24,261	(2,979)	(14.0%)
Allocations Between Departments	(402,286)	(441,596)	39,310	(9.8%)
Total Gross Expenditure	**11,652,472**	**14,048,028**	**(2,395,556)**	**(20.6%)**
Revenue				
Ontario/Canada Grants	-	(100,000)	100,000	100.0%
Fees & Service Charges	(2,500)	(7,974)	5,474	(219.0%)
Other Revenue	(151,088)	(685,906)	534,818	(354.0%)
Transfers from Reserves	(291,850)	(1,354,089)	1,062,239	(364.0%)
Total Revenue	**(445,438)**	**(2,147,969)**	**1,702,531**	**(382.2%)**
Net Expenditure/(Revenue) before Indirect Allocation	**11,207,034**	**11,900,059**	**(693,025)**	**(6.2%)**
Indirect Allocation				
Indirect Allocation	(8,539,526)	(9,252,247)	712,721	(8.3%)
Capital Financing Allocation	98,415	98,964	(549)	(0.6%)
Total Indirect Allocation	**(8,441,111)**	**(9,153,283)**	**712,172**	**(8.4%)**
Net Expenditure/(Revenue) after Indirect Allocation	**$ 2,765,923**	**$ 2,746,776**	**$ 19,147**	**0.7%**

Corporate Administration - Statement of Operations

Community Impacts & Achievements

Corporate Administration includes the Chief Administrative Officer's Office, Corporate Records, Corporate Memberships, Organizational Performance & Accountability, Corporate Print & Mail Services, Corporate Communications, Human Resources whose main focus in 2014 has been the general management of consolidation of business support functions (i.e. finance and performance measurement) and moving towards a One Team model for the corporation.

2014 Project Updates/Accomplishments:

Organizational Change:
- Individuals previously working in departmental strategy performance measurement roles were consolidated into an objective Organizational Performance and Accountability team reporting to the CAO
- Worked in cooperation with Niagara Regional Housing (NRH) and Corporate Services on a shared service agreement
- Structural changes occurred in Planning and Development Services and Economic Development
- Organizational changes to encourage collaboration by reducing reliance on hierarchies and establishing a stretch target of 80 per cent employee engagement over the next five years (from 67 per cent)
- Developing a People Strategy to invest in people development and attract top talent externally which will allow us to obtain fresh perspectives, adapt better to challenges, and deliver on Council directions
- Continuing the endorsement of a High Performance Organizational Culture and the ongoing development of People Strategy framework, including comprehensive work plans, metrics, and results
- Developed communications plan for rollout of People Strategy including video featuring Chief Administrative Officer outlining the Region's commitment to developing highly engaged staff

Other:
-Supporting Regional Council Strategic Priorities, 2014-2018 - executed background research and consultation and developed suggested ideas for Council's consideration
- Human Resources staff secured to support Enhanced Financial Management Service (EFMS) project;
- Heightening responsiveness to the needs of local area municipalities with all municipalities reporting positive change in the services provided from the Niagara Region over the past 12 months
- Maintenance of the privacy program including privacy breach management, mandatory training, and privacy impact assessments to purchasing process
- Redesign of new Provincial Offences Courthouses and completion of mandatory training to remain compliant with the Accessibility for Ontarians with Disabilities Act (AODA)
- Federation of Canadian Municipalities (FCM) conference ended in a surplus position, resulting in approximately $100,000 returned to the City of Niagara Falls and $100,000 transferred back to reserves

Variance Analysis

The following factors have contributed to Corporate Administration's fourth quarter variance:

Personnel costs: The year-to-date unfavourable variance of $1,679,690 is due to the cost of corporate reorganization. These costs are offset by a reserve of $1,000,000.

Administrative Expenses: The unfavourable variance of $746,688 is largely a result of the FCM conference costs which are offset by Ontario/Canada Grants, Other Revenue, and Transfers from Reserves.

Materials, Supplies & Utilities: The favourable variance of $52,870 relates to reduced postage volume in Mail Services and lower spend on Human Resources publications.

Repairs & Maintenance: The unfavourable variance of $19,707 relates to increased charges for copiers/printers used in Corporate Print Services. This is offset by the favourable internal recovery of costs of $22,590 included in Allocation Between Departments.

Capital Equipment & Renovations: The unfavourable variance of $2,979 is driven by upgrades to provide greater mobility for computer equipment.

Allocations Between Depts: The favourable variance of $39,310 is half due to the reorganization and realignment of expenses in the Commissioner's Office and thethe other half is offset with increased colour printer cost recovery.

Ontario/Canada Grants: The favourable variances of $100,000 is the result of funding received from the Province for the FCM conference, which offsets overage in Administrative Expenses.

Other Revenue: The favourable variance of $534,818 is mainly a result of the FCM conference revenue which offsets overage in Administrative Expenses.

Transfers from Reserves: The favourable variance of $1,062,239 includes the $1,000,000 transferred from reserve to cover the costs of the corporate reorganization and the remainder from the FCM reserve.

Corporate Services - Statement of Operations

Object of Expenditure Description	Annual Budget	Actual	Annual Budget vs Actual Variance Favourable/ (Unfavourable)	Variance (%)
Gross Expenditure				
Personnel Costs	$ 15,515,287	$ 14,849,823	$ 665,464	4.3%
Administrative Expenses	435,056	311,827	123,229	28.3%
Materials, Supplies & Utilities	2,028,011	1,690,235	337,776	16.7%
Repairs & Maintenance	2,124,039	2,039,006	85,033	4.0%
Purch. Serv. & Other Operating Expenses	6,622,253	6,505,580	116,673	1.8%
Financial Expenditures	213,688	215,224	(1,536)	(0.7%)
Capital Equipment & Renovations	27,943	60,242	(32,299)	(115.6%)
Allocations Between Departments	(1,808,674)	(1,788,194)	(20,480)	(1.1%)
Allocations to Capital Program	(838,045)	(637,408)	(200,637)	(23.9%)
Total Gross Expenditure	**24,319,558**	**23,246,335**	**1,073,223**	**4.4%**
Revenue				
Ontario/Canada Grants	(35,155)	(35,148)	(7)	(0.0%)
Fees & Service Charges	(90,000)	(82,535)	(7,465)	(8.3%)
Other Revenue	(437,635)	(493,382)	55,747	12.7%
Transfers from Reserves	(101,365)	(101,365)	-	-
Total Revenue	**(664,155)**	**(712,430)**	**48,275**	**7.3%**
Net Expenditure/(Revenue) before Indirect Allocation	**23,655,403**	**22,533,905**	**1,121,498**	**4.7%**
Indirect Allocation				
Indirect Allocation	(23,655,403)	(22,533,905)	(1,121,498)	(4.7%)
Total Indirect Allocation	**(23,655,403)**	**(22,533,905)**	**(1,121,498)**	**(4.7%)**
Net Expenditure/(Revenue) after Indirect Allocation	**$ -**	**$ -**	**$ -**	**100.0%**

Corporate Services - Statement of Operations

Community Impacts & Achievements

Corporate Service includes IT Solutions, Financial Management & Planning, Financial Management System Implementation, Legal Services, Properties Management and Commissioner's Office. The main focus in 2014 has been the general oversite for consolidation of business support functions (i.e. finance and performance measurement) and moving towards a One Team model for the corporation.

Q4 Project Updates/Accomplishments:

- Continued review and enhancement of the process and policies and received Council approval of revisions to the Purchasing by-law by the new Director of Procurement and Strategic Acquisitions
- Preparation and initial presentations of the 2015 Budget to the Budget Review Committee of the Whole in preparation for approval by the new Council in early 2015
- Continued progress on the construction of the NRPS 1 District and two (2) Provincial Offences Courts (St Catharines and Welland)
- Full endorsement from Corporate Management Team on the selection and recruitment of the project team for the Enhanced Financial Management System. Contracts with Oracle and Deloitte and project plan have also been completed.
- Successfully implemented EScribe, an automated paperless reporting/meeting management software application, to support Council & Committees in time to support new Council on December 1st.

Variance Analysis

The following factors have contributed to Corporate Services year-end favourable variance with the majority of the surplus coming from the Properties Management division as previously forecasted:

Personnel Costs: The favourable variance of $665,464 relates to the delays in hiring of a number of high level positions in IT Solutions, Financial Management & Planning and Properties Management. Approximately $165,037 of this variance offsets the unfavourable variance in Allocations to Capital Program as it relates to temporary positions charged directly to capital projects.

Administrative Expenses: The favourable variance of $123,229 relates to reduced training and conference attendance due to the timing of offerings and staff availability to attend due to workload constraints.

Materials, Supplies & Utilities: The favourable variance of $337,776 is driven by the difference in utility costs. Electricity rates were expected to increase by 33 per cent to offset the Province's decision to cancel the gas plants construction contracts. The increases for electricity announced were 4.7 per cent May 1 and 3.7 per cent Nov 1. This rate change, together with a cooler wetter summer and warmer November/December months, resulted in a favourable variance.

Repairs & Maintenance: The favourable variance of $85,033 relates to lower than expected grounds maintenance as a result of the weather conditions.

Purchased Services & Other: The favouable variance of $116,673 relates to lower than expected claim costs and consulting fees.

Capital Equipment & Renovations: The unfavourable variance of $32,299 relates to the unanticipated computer equipment replacement to enable better mobility.

Allocations to Capital Program: The unfavourable variance of $200,637 ($165,037 offset by favourable variance in Personnel Costs) relates to time spent on broader program development. This reduces the time that can be recovered from specific capital projects.

Fees & Service Charges: The year-to-date unfavourable variance of $7,465 is the result of the Region's inability to provide additional legal assistance to local area municipalities due to internal resource constraints.

Other Revenue: The favourable variance of $55,747 is the result of: Court Administration Management System support services new clients; legal costs recovered; settlements and restitution provided for claims; and energy incentive rebates.

Community Services - Statement of Operations

Object of Expenditure Description	Annual Budget	Actual	Annual Budget vs Actual Variance Favourable/ (Unfavourable)	Variance (%)
Gross Expenditure				
Personnel Costs	$ 88,248,308	$ 88,406,249	$ (157,941)	(0.2%)
Administrative Expenses	1,052,948	1,080,852	(27,904)	(2.7%)
Materials, Supplies & Utilities	7,569,432	7,781,763	(212,331)	(2.8%)
Repairs & Maintenance	1,023,021	1,099,667	(76,646)	(7.5%)
Purch. Serv. & Other Operating Expenses	39,686,531	43,547,715	(3,861,184)	(9.7%)
Social Assistance	106,889,082	95,884,508	11,004,574	10.3%
Financial Expenditures	32,905	85,610	(52,705)	(160.2%)
Capital Equipment & Renovations	469,771	496,599	(26,828)	(5.7%)
Transfers to Reserves	396,025	396,012	13	0.0%
Allocations Between Departments	914,449	953,808	(39,359)	(4.3%)
Total Gross Expenditure	**246,282,472**	**239,732,783**	**6,549,689**	**2.7%**
Revenue				
Ontario/Canada Grants	(189,428,543)	(182,346,175)	(7,082,368)	(3.7%)
Fees & Service Charges	(23,243,915)	(24,263,234)	1,019,319	4.4%
Other Revenue	(308,780)	(620,433)	311,653	100.9%
Transfers from Reserves	(1,261,904)	(1,071,853)	(190,051)	(15.1%)
Total Revenue	**(214,243,142)**	**(208,301,695)**	**(5,941,447)**	**(2.8%)**
Net Expenditure/(Revenue) before Indirect Allocation	**32,039,330**	**31,431,088**	**608,242**	**1.9%**
Indirect Allocation				
Indirect Allocation	8,228,853	8,130,477	98,376	1.2%
Capital Financing Allocation	3,741,787	3,789,489	(47,702)	(1.3%)
Total Indirect Allocation	**11,970,640**	**11,919,966**	**50,674**	**0.4%**
Net Expenditure/(Revenue) after Indirect Allocation	**$ 44,009,970**	**$ 43,351,054**	**$ 658,916**	**1.5%**

Community Services - Statement of Operations

Community Impacts & Achievements

The Community Services department ended the year with a surplus of $608,242 on a total gross budget of $246,282,472. The department was able to secure additional grant funding of $4,804,471, which is reflected in the 2014 financial results.

Social Assistance and Employment Opportunities (SAEO)

- For October 2014, there were 10,408 Ontario Works (OW) cases representing 21,508 people, 0.9% higher than in October 2013.
- As of October 2014, the Housing Stability Plan strategy assisted 546 households avoid eviction, provided 3112 households with a last month rent deposit and helped 2011 households move to new accommodations.
- SAEO assisted a major employer with recruitment for jobs at a plant by screening and recommending OW clients appropriate to the jobs, and coordinating with the Employment Ontario offices to recommend their clients (e.g. Niagara residents in receipt of Employment Insurance). A total of 95 people were referred for these technical positions (35 from OW).
- Assisted a local major call centre to recruit 410 new employees (68 from OW), and continue to support them. Since partnering with SAEO earlier this year, the company has successfully filled every one of their training programs. A second information event to support the employees to access local supports and services was held in October.
- Challenges continue with the Social Assistance Management System (SAMS) technology implemented in November by the province.

Children Services

- No Waitlist: Enables parents to work, go to school or train while providing necessary child care fee subsidy without a waitlist.
- Coordinated Approach to Child Health (CATCH): A second phase, in partnership with Public Health and Brock University, will run from October 2014 to June 2015. Using a case and control group for a pre and post study, 11 case sites across Niagara will have carte blanche on how they choose to use the kit and other resources to best meet the needs of their families. Goal: Identify the impact of CATCH on the nutrition and physical activity environment in child care centres and on educator led activity and nutrition behaviours.
- General Operation Grants: Just under $4 million were allocated to 163 licensed non-profit and private child care centres, which were the primary beneficiaries of these provincial grants. It serves the purpose to stabilize the child care system and enable high quality, consistent services, reduce fees charged to families, fund purchases of materials & equipment, and retain qualified, stable staffing levels.

Homelessness, Program Compliance & Community Engagement

- A competitive proposal call (expression of interest) was issued for homelessness services to replace Welland's Hope House shelter.
- At the end of September, the provincial government allocated time-limited, one-time funding of $1.89 million for the provincial homelessness program, requiring it to be fully spent by March 31, 2015. A plan was developed, including a competitive proposal call for homelessness services (expression of interest).
- In 2014, 1,401 issuances of emergency energy relief have been provided, 4,627 individuals have stayed at an emergency hostel, 660 individuals have resided in supported transitional housing 5,818 individuals received prevention services.

Senior Services

- Laundry decentralization has been successfully implemented in the fourth quarter as recommended by a RRIT efficiency study.
- Seniors Services presented the quality framework, based on the integration of financial and clinical metrics, at the Canadian Inter-RAI Conference in October.
- Mandatory timed fire drills were completed for all eight of the long-term care homes, and all successfully passed the new requirements.
- Electronic student on-boarding was introduced in collaboration with Brock University and Niagara College.
- Injury prevention continues to be a priority focus, as demonstrated by the 51% decrease in lost-time incidents in 2014.

Variance Analysis

The following factors have contributed to the Community Services Department year-end variance:

Personnel Costs: The unfavourable variance of $157,941 is driven by an in-year increase in nursing hours as a result of an increase in Ministry of Health and Long-Term Care (MOHLTC) funding ($552,988, and is offset by favourable variances in SAEO ($297,350) and Children Services ($86,882) related to delays in filling vacant positions.

Repairs and Maintenance: The unfavourable variance of $76,646 is driven by older long-term care buildings that required more repairs to boilers and heating systems, and electrical systems, off-set by lower equipment repair costs.

Purch. Serv. & Other Operating Expenses: The unfavourable variance of $3,861,184 is a result of unbudgeted funding of $2,362,819 from the Ministry of Education due to a funding formula change for child care across the Province, and $1,320,663 in Consolidated Homelessness Prevention Initiative supports (CHPI) funding. This variance is offset by unbudgeted revenue in Ontario/Canada Grants.

Social Assistance: The favourable variance of $11,004,574 is a net result of a favourable variance in the Allowance and Benefit program of $13,058,389 and a $2,053,815 unfavourable variance in the Employment program. The Allowance and Benefit program's variance was a result of the OW caseload and changing demands for allowances and benefits based on case type. The variance in the Employment program is due to increased investments made in employment supports, including transportation and training. An additional $1,000,000 in expenditures for the Employment program was approved mid-year by the Province, resulting in additional funding of $500,000 (recorded in Ontario/Canada grants) to apply to the overage.

Financial Expenditures: The unfavourable variance of $52,705 is a result of bad debt write-offs for long-term care resident fees that have been deemed uncollectible.

Ontario/Canada Grants: The unfavourable variance of $7,082,368 is a result of reduced social assistance funding of $11,414,080 due to reduced social assistance expenditures, offset by increases from MOHLTC ($1,081,981), Ministry of Education ($1,768,670), CHPI ($1,340,913), and $500,000 for additional Employment program expenditures.

Fee & Service Charges: The favourable variance is $1,019,319, and of this, $445,918 is a result of higher than estimated fees collected through parents in Childrens' Services, and $573,401 was due to an increase to the long-term care home co-payment rate for accommodation fees set by the Province.

Other Revenue: The favourable variance of $311,653 is a result of unbudgeted funding opportunities through the Ministry of Education, Ministry of Children and Youth Services and Business Education Council of $113,826, as well as billings to the unions for long-term care employees' time spent on union business of $198,877.

Transfers from Reserves: The unfavourable variance of $190,051 is a result of the full draw on the reserve not being required in the SAEO division. The draw on the reserve was adjusted to reflect the need for reserves in the division, as policy does not allow for the creation of a surplus through the use of reserve dollars.

Public Health - Statement of Operations

Object of Expenditure Description	Annual Budget	Actual	Annual Budget vs Actual Variance Favourable/ (Unfavourable)	Variance (%)
Gross Expenditure				
Personnel Costs	$ 63,600,959	$ 64,082,604	$ (481,645)	(0.8%)
Administrative Expenses	1,301,233	1,398,937	(97,704)	(7.5%)
Materials, Supplies & Utilities	3,091,022	3,018,394	72,628	2.3%
Repairs & Maintenance	748,551	792,027	(43,476)	(5.8%)
Purch. Serv. & Other Operating Expenses	4,153,789	4,080,525	73,264	1.8%
Capital Equipment & Renovations	375,835	723,773	(347,938)	(92.6%)
Transfers to Reserves	1,192,560	1,192,560	-	-
Allocations Between Departments	1,151,263	1,209,969	(58,706)	(5.1%)
Total Gross Expenditure	**75,615,212**	**76,502,077**	**(886,865)**	**(1.2%)**
Revenue				
Ontario/Canada Grants	(53,732,817)	(54,182,935)	450,118	0.8%
Fees & Service Charges	(399,754)	(351,032)	(48,722)	(12.2%)
Other Revenue	(341,349)	(731,308)	389,959	114.2%
Transfers from Reserves	(635,789)	(902,983)	267,194	42.0%
Total Revenue	**(55,109,709)**	**(56,168,258)**	**1,058,549**	**1.9%**
Net Expenditure/(Revenue) before Indirect Allocation	**20,505,503**	**20,333,819**	**171,684**	**0.8%**
Indirect Allocation				
Indirect Allocation	7,279,331	7,051,833	227,498	3.1%
Capital Financing Allocation	3,147,417	3,043,279	104,138	3.3%
Total Indirect Allocation	**10,426,748**	**10,095,112**	**331,636**	**3.2%**
Net Expenditure/(Revenue) after Indirect Allocation	**$ 30,932,251**	**$ 30,428,931**	**$ 503,320**	**1.6%**

Public Health - Statement of Operations

Community Impacts & Achievements

Q4 Project Update/Accomplishments

- Emergency Medical Services (EMS) resource enhancements were approved in Q2 by council in response to increasing call volume. A total of 16 full time and 23 part time staff were hired and deployed in mid-November to counteract pressure on land ambulance resources
- Participation of Clinical Advisors in the Omega Project Phase II Feasibility Study to conduct secondary medical triage for low acuity 911 calls during EMS employment
- Received a one-time Ministry of Health grant as part of provincial program to study Community Paramedicine for a one year period
- EMS continued to sustain offload time targets in the hospitals through the offload nurse program. As a result, EMS was able to thereby reinvest these hours back into service "on the streets"
- Completed a review of the current Emergency Management model
- Completed 6 month pilot project of Dialectical Behaviour Therapy
- Working with Primary Care Engagement representative to ensure referral processes and forms are communicated to primary care
- Collaboration with Brock University to assess the potential impact of climate change on vector-borne disease and continuing development of mitigating strategies
- Working with the tanning bed industry to ensure a smooth implementation of provincial legislation regarding access to tanning beds by minors
- Award received from the Canadian Water and Wastewater Association recognizing Public Health's achievements in predictive modelling for beach water quality
- Smoke-Free Outdoor By-law implementation including enhanced communications, education and awareness of the campaign
- Expanded implementation of the Electronic Medical Records system to include the travel health clinic
- Preparations for the 2015 PanAm games are underway

Variance Analysis

The following factors have contributed to Public Health's fourth quarter variance:

Personnel Costs: The unfavourable variance of $481,645 is primarily due to increased overtime associated with shift overrun, upstaffing, Ebola training, and sick/WSIB incidents in Emergency Services which are offset by personnel cost savings in other areas of Public Health. Council approved additional ambulance resources which were deployed at the end of October resulting in increased training and corresponding upstaffing/backfill during Q4 2014. It is anticipated that the ambulance resources added in Q4 2014 will help mitigate overtime costs due to high call volume into 2015 and beyond.

Administrative Expenses: The unfavourable variance of $97,704 is driven by the lack of funding for other operating expenditures in the Healthy Babies Healthy Children program and the Infant and Child Development program, specifically mileage costs which make up $78,287 of the variance.

Repairs and Maintenance: The unfavourable variance of $43,476 is primarily due to moving costs, general repairs, common area maintenance charges associated with the new EMS fleet centre. Offsetting these costs is the favourable variance in Transfer from Reserves.

Capital Equipment & Renovations: The unfavourable variance of $347,938 is a result of leasehold improvements and furniture purchases for the new EMS fleet centre. These purchases were also offset by the positive variance in Transfers from Reserves. Also contributing to this variance is a greater than anticipated number of computer replacements within public health and replacement patient monitoring equipment/devices required for EMS.

Allocations between Departments: The unfavourable variance of $58,706 is the result of unanticipated staff time from water and wastewater for laboratory analysis in the environmental health division and maintenance and fuel costs for Smoke Free Ontario (SFO) Vehicles and SFO prosecution costs.

Ontario/Canada Grants: The forecasted favourable variance of $450,118 is due to unbudgeted Physician Services Agreement payments and unbudgeted one-time funding for Healthy Communities.

Fees and Service Charges: The unfavourable variance of $48,722 is a result of decreased revenue from vaccinations as a result of easier access for physicians and lower contraceptive sales.

Other Revenue: The favourable variance of $389,959 is the result of a one-time budgeted program grant from the Registered Nurses Association of Ontario, secondment revenue for a nurse working at the Ministry of Health and Long-Term Care, cross border billing cost recovery from the City of Hamilton by EMS, and the sale of decomissioned ambulances by EMS.

Transfers from Reserves: The favourable variance of $267,194 is primarily driven by a $218,140 transfer related to a 2013 encumbrance for the new EMS fleet centre's leasehold improvements.

Planning & Development - Statement of Operations

Object of Expenditure Description	Annual Budget	Actual	Annual Budget vs Actual Variance Favourable/ (Unfavourable)	Variance (%)
Gross Expenditure				
Personnel Costs	$ 3,414,108	$ 3,273,047	$ 141,061	4.1%
Administrative Expenses	110,258	110,440	(182)	(0.2%)
Materials, Supplies & Utilities	22,900	25,521	(2,621)	(11.4%)
Repairs & Maintenance	2,000	471	1,529	76.5%
Purch. Serv. & Other Operating Expenses	594,295	801,654	(207,359)	(34.9%)
Financial Expenditures	2,220,000	848,446	1,371,554	61.8%
Capital Equipment & Renovations	16,650	32,410	(15,760)	(94.7%)
Transfers to Reserves	-	1,511,478	(1,511,478)	(100.0%)
Allocations Between Departments	(939,401)	(925,352)	(14,049)	(1.5%)
Total Gross Expenditure	**5,440,810**	**5,678,115**	**(237,305)**	**(4.4%)**
Revenue				
Fees & Service Charges	(856,100)	(720,092)	(136,008)	(15.9%)
Other Revenue	(12,500)	(7,242)	(5,258)	(42.1%)
Transfers from Reserves	(1,929,222)	(2,384,654)	455,432	23.6%
Total Revenue	**(2,797,822)**	**(3,111,988)**	**314,166**	**11.2%**
Net Expenditure/(Revenue) before Indirect Allocation	**2,642,988**	**2,566,127**	**76,861**	**2.9%**
Indirect Allocation				
Indirect Allocation	1,025,550	998,307	27,243	2.7%
Capital Financing Allocation	611,444	553,618	57,826	9.5%
Total Indirect Allocation	**1,636,994**	**1,551,925**	**85,069**	**5.2%**
Net Expenditure/(Revenue) after Indirect Allocation	**$ 4,279,982**	**$ 4,118,052**	**$ 161,930**	**3.8%**

Planning & Development - Statement of Operations

Community Impacts & Achievements

Department Overview: Planning & Development provides land use planning, growth management policy and implementation services, capacity planning, water and wastewater master planning, complex development engineering, legal agreements for development and growth infrastructure planning to the local area municipalities, Niagara Peninsula Conservation Authority (NPCA), development industry and other Regional departments. The department also provides Part 8 of the Ontario Building Code (regulation of outside sewage system) services to nine of the 12 local area municipalities through agreements, development planning and engineering, pre-consultation and application review, in cooperation with local area municipalities (LAM's), the development industry, other agencies and Regional departments.

2014 Significant Programs:
- Imagine Niagara (5 year review of the Regional Official Plan and related Amendments);
- Niagara Economic Gateway Zone and Centre and Smarter Niagara Incentives Programs;
- Local Official Plan Review and Approval;
- Procurement Process to retain a consultant for the Municipal Comprehensive Review.

2014 Project Update / Accomplishments:
- Consistently meeting the target of bringing local Official Plans to Regional Council for approval within 180 days. Average processing time remains constant at 115 days;
- Continue to manage the Smarter Niagara Incentive Program (SNIP) and Tax Increment Grant Program (TIGP) – in 2014 the region has awarded SNIP grant funding to projects in 7 of the 12 local municipalities. These projects included Residential, Building and Facade Improvement, Environmental Assessment Study and Heritage Restoration Grants
- One application for a Regional Official Plan Amendment was received for the new Fort Erie High School
- Continue to exceed residential intensification targets - a significant proportion of new growth and development is occurring where existing infrastructure and community facilities exist – this means efficient use of infrastructure/facilities, less cost for residents, and less urban sprawl and consumption of agricultural land;
- Continue to exceed greenfield density targets of over 50 jobs and persons per hectare; and
- The Greater Niagara Circle Route Asset Management Plan and Source Water Protection Policy Development are well under way and will also be completed. The Waterfront Enhancement Strategy and the Imagine Niagara project are ongoing and will be completed in 2015
- Significant increase in pre-consultation volume, 23% increase when compared to 2013 (overlapping a 32% increase in 2013 versus 2012)
- Decrease in Official Plan Amendment applications reflecting the impact of newly approved comprehensive Official Plans in most of the local municipalities
- 95 percent on time response to development applications
- Creation of three teams in development planning comprised of Senior Planner/Planner/technician with each team assigned to serve four municipalities. This will allow the teams to develop strong knowledge bases and encourages the development of strong working relationships with local area municapilities
- Alignment of development application review into one group to address the streamlining of business processes to ensure the right staff, at the right level, are empowered to make the decisions

Variance Analysis

The following factors have contributed to the Planning and Development Services Department year-end variance:

Personnel Costs: The favourable variance of $141,061 is the result of staffing movement as a part of the reorganization in addition to a vacant role in the infrastructure and engineering division.

Purch. Serv. & Other Operating Exp.: The unfavourable variance of $207,359 is the result of project work done that was funded from 2013 encumbrances and is offset with the favourable variance in Transfers from Reserves.

Financial Expenditures: The favourable variance of $1,371,544 is due to Lakefront and WaterSmart grant funding that was unspent but committed. This amount offsets with the unfavourable variance in Transfers to Reserves of $1,511,478, resulting in an unfavourable balance of $139,934 that is funded by Transfers from Reserves.

Capital Equipment & Renovations: The unfavourable variance of $15,760 is a result of computer replacements that were not in the budget.

Transfers to Reserves: The unfavourable variance of $1,511,478 is a 2014 encumbrance amount for Lakefront and WaterSmart commitments extending into 2015.

Fees & Service Charges: The unfavourable variance of $136,008 is a result of lower than anticipated sewage inspection applications, development fees, and privately initiated policy plan amendments.

Transfers from Reserves: The favourable variance of $455,432 relates to encumbrances from 2013 ($317,932 tied to Purch. Serv & Other Operating Exp. line and $137,500 tied to Financial Expenditure line).

Public Works Levy - Statement of Operations

Object of Expenditure Description	Annual Budget	Actual	Annual Budget vs Actual Variance Favourable/ (Unfavourable)	Variance (%)
Gross Expenditure				
Personnel Costs	$ 15,148,389	$ 14,582,096	$ 566,293	3.7%
Administrative Expenses	1,118,408	1,018,408	100,000	8.9%
Materials, Supplies & Utilities	6,581,120	5,681,255	899,865	13.7%
Repairs & Maintenance	321,750	217,081	104,669	32.5%
Purch. Serv. & Other Operating Expenses	7,981,540	8,747,303	(765,763)	(9.6%)
Financial Expenditures	500,000	297,729	202,271	40.5%
Capital Equipment & Renovations	106,314	106,389	(75)	(0.1%)
Transfers to Reserves	1,873,582	2,029,827	(156,245)	(8.3%)
Allocations Between Departments	(1,784,547)	(1,794,226)	9,679	0.5%
Allocations to Capital Program	(1,119,599)	(1,612,857)	493,258	44.1%
Total Gross Expenditure	**30,726,957**	**29,273,005**	**1,453,952**	**4.7%**
Revenue				
Fees & Service Charges	(2,406,000)	(1,811,164)	(594,836)	(24.7%)
Other Revenue	(764,000)	(1,079,813)	315,813	41.3%
Transfers from Reserves	(1,028,165)	(897,706)	(130,459)	(12.7%)
Total Revenue	**(4,198,165)**	**(3,788,683)**	**(409,482)**	**(9.8%)**
Net Expenditure/(Revenue) before Indirect Allocation	**26,528,792**	**25,484,322**	**1,044,470**	**3.9%**
Indirect Allocation				
Indirect Allocation	3,412,098	3,099,528	312,570	9.2%
Capital Financing Allocation	20,988,459	21,296,708	(308,249)	(1.5%)
Total Indirect Allocation	**24,400,557**	**24,396,236**	**4,321**	**0.0%**
Net Expenditure/(Revenue) after Indirect Allocation	**$ 50,929,349**	**$ 49,880,558**	**$ 1,048,791**	**2.1%**

Public Works Levy - Statement of Operations

Community Impacts & Achievements

The Public Works Levy divisions include Public Works Commissioner's Office, Transportation Administration, Transportation Operations, Transportation Planning, Transportation Engineering, Fleet, Niagara Specialized Transit and Inter-municipal transit.

The Public Works Commissioner provides operational, strategic and financial support services in support of all of the departmental program areas, including the following rate programs: water, wastewater and waste management programs. Transportation Administration provides operational, strategic and financial support services in support of all of the transportation programs areas.

Transportation Operations is responsible for the operations and maintenance connected with Regional rights-of-way including roads, traffic systems, bridges, culverts, safety barriers, drainage systems, vegetation management, management information systems and communications systems.

Transportation Planning is responsible for short and long-term and strategic transportation planning for Niagara Region. The division works with departments and local municipal partners and is front facing for Regional Transportation Strategy Steering Committee (TSSC) and Regional Bicycling Committee (RNBC).

Transportation Engineering is responsible for the design and construction of the capital projects related to the regional road network. A combination of in-house and contract engineering, as well as public input from various stakeholders, is used to achieve a workable and functional regional road network.

Fleet Services provides and maintains Regional vehicles and equipment in order for operational divisions (Public Works, Corporate Services, and Public Health) to have the necessary equipment to perform services to the public.

Niagara Specialized Transit provides transportation to passengers across the region who are physically unable to board a conventional transit vehicle, or walk a distance of 175 metres. Inter-municipal transit connects employees to their jobs in other municipalities, provides alternative transportation modes for residents, and supports the environmental and health goals of Niagara Region.

2014 Significant Programs:
- The roads operations budget is primarily driven by the winter maintenance activities. Other significant activities include traffic systems, pavement surface, drainage, forestry, and communications etc.
- Transportation Services annual program
- Inter-municipal Transit Pilot program
- Traffic signals program
- Delivery of the Region's capital program for Transportation and Fleet

Q4 Project Updates/Accomplishments:
- Tender award and construction commencement of Burgoyne Bridge in St. Catharines
- Key driver for discussion with the local area municipalities related to the GO Rail advocacy
- M5 ongoing implementation
- Transportation Master Plan terms of reference under development
- Pan-Am Games local area plan in advanced stage of development

Variance Analysis

The following factors have contributed to the Public Works Levy year-end variance:

Administrative Expenses: The favourable variance of $100,000 is primarily driven by less traffic data collection in the year.

Materials, Supplies & Utilities: The favourable variance of $899,865 is due to lower than anticipated signal and sign maintenance material usage, as a result of lower than anticipated demand for signal and sign maintenance work by the Local Area Municipalities (LAM) and other third parties. The variance is further driven by lower than anticipated expenses for vehicle and equipment parts. This is partially offset by overages for winter maintenance materials due to the harsh winter.

Repairs & Maintenance: The favourable variance of $104,669 is attributable to lower than anticipated repairs on radio and paging equipment, and less than anticipated grounds and building repairs and maintenance required in the year.

Purch. Serv. & Other Operating Expenses: The unfavourable variance of $765,763 is due to the harsh winter which resulted in increased winter maintenance costs and increased roads resurfacing and crack sealing costs due to pavement surface deterioration. This is partially offset by reduced operating costs for Intermunicipal Transit due to emergency operational funds embedded within this category for bus failures which were not used in the year.

Financial Expenditures: The favourable variance of $202,271 is driven by the number of requests from LAMs for cost sharing related drainage assessments and storm sewers, with fewer requests this year than anticipated.

Transfers to Reserves: The unfavourable variance of $156,245 is due to encumbrances related to traffic studies and the crack sealing program.

Allocations to Capital Program: The favourable variance of $493,258 is driven by an increased level of capital project work, resulting in higher allocations from operations to capital projects. This increase in capital project work is consistent with the reduction in sign and signal maintenance work described above which allowed staff to be redirected to capital project work.

Fees & Service Charges: The unfavourable variance of $594,837 is driven by lower than anticipated fees for signal maintenance work for others based on a reduced demand for services. The variance in fees is consistent with the decrease in material costs noted above.

Other Revenue: The favourable variance of $337,397 is driven by fleet disposal proceeds in excess of those budgeted.

Transfer from Reserves: The unfavourable variance of $130,459 is the result of fewer than anticipated requests from LAMs for cost sharing on drainage assessments and storm sewers. This is partially offset by encumbrances from previous years related to the Roads Safety Project, Master Plan Terms of Reference and Queenston Rd bike lane funding.

Economic Development - Statement of Operations

Object of Expenditure Description	Annual Budget	Actual	Annual Budget vs Actual Variance Favourable/ (Unfavourable)	Variance (%)
Gross Expenditure				
Personnel Costs	$ 548,965	$ 531,644	$ 17,321	3.2%
Administrative Expenses	61,500	65,272	(3,772)	(6.1%)
Materials, Supplies & Utilities	13,000	8,812	4,188	32.2%
Purch. Serv. & Other Operating Expenses	930,000	575,210	354,790	38.1%
Financial Expenditures	110,000	335,000	(225,000)	(204.5%)
Capital Equipment & Renovations	-	1,521	(1,521)	(100.0%)
Transfers to Reserves	-	25,000	(25,000)	(100.0%)
Allocations Between Departments	3,369	4,639	(1,270)	(37.7%)
Total Gross Expenditure	**1,666,834**	**1,547,098**	**119,736**	**7.2%**
Revenue				
Transfers from Reserves	-	(117,634)	117,634	100.0%
Total Revenue	**-**	**(117,634)**	**117,634**	**100.0%**
Net Expenditure/(Revenue) before Indirect Allocation	**1,666,834**	**1,429,464**	**237,370**	**14.2%**
Indirect Allocation				
Indirect Allocation	246,958	202,988	43,970	17.8%
Capital Financing Allocation	108,336	94,979	13,357	12.3%
Total Indirect Allocation	**355,294**	**297,967**	**57,327**	**16.1%**
Net Expenditure/(Revenue) after Indirect Allocation	**$ 2,022,128**	**$ 1,727,431**	**$ 294,697**	**14.6%**

Economic Development - Statement of Operations

Community Impacts & Achievements

Division Overview - to promote Niagara on a global scale and to work in partnership with the region's 12 municipalities to provide effective, innovative services that encourage investment in and travel to the region, along with business support services to attract, maintain and increase jobs in Niagara. The department supports the retention and growth of existing companies and encourages new companies to relocate in Niagara.

2014 Priorities/Programs:
- Revitalize Team Niagara and Stronger CAO/EDO Partnerships/Investment Growth/Business Attraction/Innovation and Entrepreneurship/New and Expanded Partnerships

2014 Accomplishments:
- Building ED team/outreach to key stakeholders/build partnerships and networks/focus limited resources/develop realistic expectations/driving to results - jobs, investment, innovation, entrepreneurs;
- One-year contracts finalized with BioLinc (Brock), Innovate Niagara, District School Board of Niagara;
- One-year contract being finalized with Niagara College;
- Support Councils commitment to the Vineland Research Innovation Centre; and
- Support of the Regions efforts on the Go train service business case.

Variance Analysis

The following factors have contributed to Economic Development's year-end variance:

Personnel Costs: The favourable variance of $17,321 is due to a vacancy in the Economic Research & Analysis Manager role.

Purch. Serv. & Other Operating Exp.: The favourable variance of $354,779 is attributable to a change in leadership growth strategy resulting in an increase in grant funding to support team initiatives and spend less in contractual services.

Financial Expenditures: The unfavourable variance of $225,000 relates to new contracted agreements to provide grant funding in support of job creation, investment growth, business innovation and enterpreneurship in Niagara. These grants were not budgeted and resulted from the change in leadership growth strategy. This variance offsets with the variance in Purchasing Services & Other Operating Expenses.

Transfers to Reserves: The unfavourable variance of $25,000 is an encumbrance for outstanding committments pertaining to Niagara College contract.

Transfers from Reserves & Reserve Funds: The expenditures related to this reserve funding (2013 encumbrance for Brand Equity work) are offest by Contractual Services within the Purchasing Services & Other Operating Expense line.

Court Services - Statement of Operations

Object of Expenditure Description	Annual Budget	Actual	Annual Budget vs Actual Variance Favourable/ (Unfavourable)	Variance (%)
Gross Expenditure				
Personnel Costs	$ 2,115,482	$ 1,997,346	$ 118,136	5.6%
Administrative Expenses	42,929	41,352	1,577	3.7%
Materials, Supplies & Utilities	77,130	90,414	(13,284)	(17.2%)
Repairs & Maintenance	-	1,694	(1,694)	100.0%
Purch. Serv. & Other Operating Expenses	3,751,416	3,809,412	(57,996)	(1.5%)
Financial Expenditures	150,000	76,437	73,563	49.0%
Capital Equipment & Renovations	21,982	10,608	11,374	51.7%
Transfers to Reserves	1,000,000	1,000,000	-	-
Allocations Between Departments	11,155	(6,283)	17,438	156.3%
Total Gross Expenditure	**7,170,094**	**7,020,980**	**149,114**	**2.1%**
Revenue				
Other Revenue	(9,035,207)	(8,536,798)	(498,409)	(5.5%)
Total Revenue	**(9,035,207)**	**(8,536,798)**	**(498,409)**	**(5.5%)**
Net Expenditure/(Revenue) before Indirect Allocation	**(1,865,113)**	**(1,515,818)**	**(349,295)**	**18.7%**
Indirect Allocation				
Indirect Allocation	822,867	878,672	(55,805)	(6.8%)
Capital Financing Allocation	17,246	18,889	(1,643)	(9.5%)
Total Indirect Allocation	**840,113**	**897,561**	**(57,448)**	**(6.8%)**
Net Expenditure/(Revenue) after Indirect Allocation	**$ (1,025,000)**	**$ (618,257)**	**$ (406,743)**	**39.7%**

Court Services - Statement of Operations

Community Impacts & Achievements

All of the major service indicators continue to fluctuate compared to 2013 (January to December). These include:

- Charges filed 8% decrease
- Courtroom utilization 9.5% decrease
- Matters set for Early Resolution 1% decrease
- Matters set for Trials 33% decrease
- Re-openings 11% increase
- Extensions for time to pay fines 12% increase

At the end of the fourth quarter, trials for Part 1 matters were being scheduled in 7.3 months, and Part 3 matters were being scheduled in 11.8 months.

A total of 6,814 Early Resolution meetings were held with 75% resolved, 14% withdrawn and 11% proceeding to trial. Early Resolution meetings, in addition to an 8% decrease in charges filed, have had an impact on the decrease in courtroom hours.

Court Services has established Performance Measures in Administration, Prosecution and Collections departments. Performance results in the fourth quarter for these measure are as follows :

Administration
- Voicemail messages returned within 1 business day - 66.7%
- Appeals forwarded to the Ministry of the Attorney General within 10 business days - 90%

Prosecution
- Voicemail messages returned within 2 business days - 91%
- Disclosure provided within 2 weeks prior to Early Resolution meeting or 30 days prior to trial - 97%
- Charter Applications reviewed within 5 business days - 90%

Collections
- Voicemail messaged returned within 1 business day - 98%
- Suspension list reviewed within 20 business days - 100%
- Payout Statements provided within 1 business day - 100%

Variance Analysis

The following factors have contributed to the Court Services year-end variance:

Personnel Costs: The favourable variance of $118,136 is the result of gaps in filling the project specialist position, a prosecutor position, backfilling the supervisor court administration position with existing staff, and a court clerk position on sick leave receiving 75% pay.

Materials, Supplies & Utilities: The unfavourable variance of $13,284 is the result of an increase in business forms due to the delay in implementing E-ticketing.

Repairs & Maintenance: The unfavourable variance of $1,694 is the result of unexpected issues with door locks and keys.

Purchased Serv & Other: The unfavourable variance of $57,996 is the result of higher Victim Fine Surcharges , per diem prosecutors used in the first half of the year to cover vacancies, higher interpreter expenses due to a delay in implementing video conferencing, and 2 unpaid invoices for lease costs in Fort Erie court between 2010 and 2014.

Financial Expenditures: The favourable variance of $73,563 is the result of a decrease in collection charges.

Capital Equipment & Renovations: The favourable variance of $11,374 is the result of rescheduling of hardware replacement.

Allocations Between Departments: The favourable variance of $17,438 is the result of the ability to recover costs for prosecutorial services related to the Smoke Free Program for Public Health.

Other Revenue: The unfavourable variance of $498,409.51 is a result of a decrease in charges filed and an increase in applications for extension of time to pay fines.

Due to a shortfall in revenue received Court Services realized a deficit of $406,743. To eliminate this deficit, the Joint Board of Management has approved the reduction in the transfer of funds to the Provincial Offences Court reserve fund by this amount.

Niagara Regional Housing (NRH) - Statement of Operations

Object of Expenditure Description	Annual Budget	Actual	Annual Budget vs Actual Variance Favourable/ (Unfavourable)	Variance (%)
Gross Expenditure				
Personnel Costs	$ 4,445,587	$ 4,314,730	$ 130,857	2.9%
Administrative Expenses	247,224	220,625	26,599	10.8%
Materials, Supplies & Utilities	5,536,937	4,906,475	630,462	11.4%
Repairs & Maintenance	4,015,868	4,405,078	(389,210)	(9.7%)
Purch. Serv. & Other Operating Expenses	5,041,522	4,964,298	77,224	1.5%
Financial Expenditures	2,901,255	3,000,092	(98,837)	(3.4%)
Capital Equipment & Renovations	30,000	50,781	(20,781)	(69.3%)
Housing Provider Subsidy & Supplements	29,223,771	29,298,131	(74,360)	(0.3%)
Transfers to Reserves	581,974	773,560	(191,586)	(32.9%)
Allocations Between Departments	563,160	563,134	26	0.0%
Total Gross Expenditure	**52,587,298**	**52,496,904**	**90,394**	**0.2%**
Revenue				
Ontario/Canada Grants	(12,252,136)	(12,509,123)	256,987	2.1%
Other Revenue	(13,278,688)	(13,596,582)	317,894	2.4%
Transfers from Reserves	(89,000)	(69,166)	(19,834)	(22.3%)
Total Revenue	**(25,619,824)**	**(26,174,871)**	**555,047**	**2.2%**
Net Expenditure/(Revenue) before Indirect Allocation	**26,967,474**	**26,322,033**	**645,441**	**2.4%**
Indirect Allocation				
Indirect Allocation	1,148,212	1,132,869	15,343	1.3%
Capital Financing Allocation	2,364,460	2,339,476	24,984	1.1%
Total Indirect Allocation	**3,512,672**	**3,472,345**	**40,327**	**1.1%**
Net Expenditure/(Revenue) after Indirect Allocation	**$ 30,480,146**	**$ 29,794,378**	**$ 685,768**	**2.2%**

Niagara Regional Housing (NRH) - Statement of Operations

Community Impacts & Achievements

NRH is responsible for direct ownership and management of a residential rental portfolio; the provision of subsidies to providers and private landlords; the management of the affordable housing waiting list; and the delivery of federal/provincial programs.

Owned Units

NRH provides property and asset management services for a portfolio of 2,758 units including 36 apartment buildings and over 900 townhouses/houses. These units are home to over 6,500 people. This portfolio represents 41% of the operating budget for building related expenses (maintenance, taxes, utilities etc.).

Rental Subsidy Programs – Housing Providers and Rent Supplement

Through rental subsidy programs with private landlords and non-profit/co-operative housing providers, an additional 5,000 units of affordable housing are available. The subsidies which account for 55% of the operating budget are calculated based on legislative requirements.

Affordable Housing Waiting List

NRH maintains the affordable housing waiting list for the region. The demand for housing declined 4% over the same quarter last year. This indicates that the continual increase in the wait list may be ending. At the end of the fourth quarter, 5,772 households were waiting for permanent subsidized accommodation while 187 received housing.

Ontario/Canada Grants

NRH receives time-limited funding under the "Investing in Affordable Housing (IAH)" program from the federal and provincial governments that provides affordable housing solutions for homeowners (renovation and down payment assistance) as well as assistance to applicants on the wait list (housing allowances). This funding has also been used to develop over 600 new affordable housing units. NRH recently received an allocation of $2,516,000 for the investment in Affordable Housing Extension Program (IAH-E) for Year 1 (2014-2015). Funds were allocated to the renovation and down payment assistance component, as well as to housing allowance to assist households who are waiting on the wait list.

Variance Analysis

The following factors have contributed to Niagara Regional Housing's year-end variance:

Personnel Costs: The favourable variance of $130,857 is a result of lower benefit expenses compared to budget and additional savings due to the staggered filling of new postions.

Materials, Supplies and Utilities: The favourable variance of $630,462 is due to improved energy efficiency of its portfolio. Through their preventative maintenance and capital programs, energy-efficiencies such as weatherization initiatives, high efficiency lighting upgrades, new energy efficient windows and doors, high efficiency furnaces, and new hot water tanks contributed to reduced utility consumption. In 2014, favourable weather conditions in summer and fall also contributed to lower consumption. When combined with lower than anticipated gas rates, significant savings were realized. An additional factor contributing to the savings related to the new Fitch Street development, which included a full year of operation, but was not operational until June. NRH has included a reduced utilities budget in the 2015 budget.

Repairs and Maintenance: The unfavourable variance of $389,210 is due to chronic underfunding in repairs and maintenance. The 2015 budget was developed to adequately address the increasing demand for repairs to the owned units as the buildings age. Additionally, as the length of tenancies increase across the portfolio, the cost to remediate a vacant unit to re-rental standard exceeds previous budget estimates per unit.

Housing Provider Subsidy & Supplements: The unfavourable variance of $74,360 is due to various program variances. There was a favourable variance to the Housing Provider Subsidy of $345,622 attributed to favourable mortgage renewals of Federal housing providers. In the last quarter of 2014, NRH received Year One IAH-E funding allocation of which $368,928 was spent (see offsetting increase in revenue under Ontario/Canada Grants). NRH also received funding for Eviction Prevention and the related expense for this initiative totaled $39,705.87 (see offsetting increase in revenue under Other Revenue).

Transfer to Reserves: The unfavourable variance of $191,586 is due to encumbrances for unplanned replacement of equipment, furniture and fixtures.

Ontario/Canada Grants: The favourable variance of $256,987 is attributed to the Year One IAH-E funding allocation (See offsetting increase in expenditures under Housing Provider Subsidy & Supplements).

Other Revenue: The favourable variance of $317,894 is a result of unexpected funding received from the Housing Stability Fund for the Homelessness Prevention Initiative (CHPI) and funds received from Enbridge to compensate for an unexpected issue relating to 2012. There was also a tax repayment relating to 2013 for properties that had successful MPAC reconsiderations, as well as a 2011 tax adjustment for Broadoak of $41,452. NRH also earned higher interest than budgeted for their operating account.

Niagara Regional Police Service - Statement of Operations

Object of Expenditure Description	Annual Budget	Actual	Annual Budget vs Actual Variance Favourable/ (Unfavourable)	Variance (%)
Gross Expenditure				
Personnel Costs	$ 130,232,057	$ 131,032,381	$ (800,324)	(0.6%)
Administrative Expenses	1,672,821	1,414,998	257,823	15.4%
Materials, Supplies & Utilities	4,934,450	4,559,326	375,124	7.6%
Repairs & Maintenance	2,267,649	2,141,116	126,533	5.6%
Purch. Serv. & Other Operating Expenses	2,841,281	2,643,617	197,664	7.0%
Financial Expenditures	4,000	17,683	(13,683)	(342.1%)
Capital Equipment & Renovations	425,000	265,766	159,234	37.5%
Transfers to Reserves	4,782,715	4,782,715	-	-
Allocations Between Departments	(1,054,501)	(1,059,041)	4,540	0.4%
Total Gross Expenditure	**146,105,472**	**145,798,561**	**306,911**	**0.2%**
Revenue				
Ontario/Canada Grants	(5,971,132)	(6,059,732)	88,600	1.5%
Fees & Service Charges	(7,023,988)	(7,631,045)	607,057	8.6%
Other Revenue	(1,694,085)	(2,180,108)	486,023	28.7%
Transfers from Reserves	(700,000)	40,532	(740,532)	(105.8%)
Total Revenue	**(15,389,205)**	**(15,830,353)**	**441,148**	**2.9%**
Net Expenditure/(Revenue) before Indirect Allocation	**130,716,267**	**129,968,208**	**748,059**	**0.6%**
Indirect Allocation				
Indirect Allocation	5,291,081	4,934,287	356,794	6.7%
Capital Financing Allocation	6,253,840	6,224,682	29,158	0.5%
Total Indirect Allocation	**11,544,921**	**11,158,969**	**385,952**	**3.3%**
Net Expenditure/(Revenue) after Indirect Allocation	**$ 142,261,188**	**$ 141,127,177**	**$ 1,134,011**	**0.8%**

Niagara Regional Police Service - Statement of Operations

Community Impacts & Achievements

A detailed report to be submitted and received by the Police Service Board (PSB) at their February monthly public meeting.

Variance Analysis

The operating results for the Niagara Regional Police Service and the Board continue to be impacted by the ongoing management of actual and potential retirements, the increased demands of complex investigations and the realization of civilian reductions in accordance with the provisions of the Civilian Collective Agreement. The 2014 results were also significantly impacted by the retroactive costs associated with the arbitrated Civilian Job Classification system. Further details are available in the 2014 Year End Financial Operating Results Report presented at the February 26, 2015 Police Service Board meeting.

Niagara Peninsula Conservation Authority - Statement of Operations

Object of Expenditure Description	Annual Budget	Actual	Annual Budget vs Actual Variance Favourable/ (Unfavourable)	Variance (%)
Gross Expenditure				
Financial Expenditures	$ 7,226,840	$ 7,226,840	$ -	-
Total Gross Expenditure	**7,226,840**	**7,226,840**	**-**	**-**
Revenue				
Other Revenue	(169,626)	(157,296)	(12,330)	(7.3%)
Transfers from Reserves	(300,000)	(300,000)	-	-
Total Revenue	**(469,626)**	**(457,296)**	**(12,330)**	**(2.6%)**
Net Expenditure/(Revenue) before Indirect Allocation	**6,757,214**	**6,769,544**	**(12,330)**	**(0.2%)**
Indirect Allocation				
Indirect Allocation	146,638	157,470	(10,832)	(7.4%)
Capital Financing Allocation	22,988	0	22,988	100.0%
Total Indirect Allocation	**169,626**	**157,470**	**12,156**	**7.2%**
Net Expenditure/(Revenue) after Indirect Allocation	**$ 6,926,840**	**$ 6,927,014**	**$ (174)**	**(0.0%)**

Niagara Peninsula Conservation Authority - Statement of Operations

Community Impacts & Achievements

NPCA is a separate corporation that receives funding from the Niagara Region. The above summary shows the grant that the Niagara Region provides the NPCA and not their operating results.

Variance Analysis

The following factors have contributed to NPCA's year-end variance:

Financial Expenditures: The $NIL variance is a result of the NPCA receiving all of their annual funding as planned.

Other Revenue: The unfavourable variance of $12,330 is a result of less than anticipated indirect allocations being charged to NPCA during the year.

Transfers from Reserves: NPCA requested $300,000 in funding for water related activities. This was provided through the water operations capital works reserve.

Reserve Summary

Description	Balances at December 31, 2013	2014 Net Transfers from/(to) Operating	2014 Capital Transfers	2014 Year-end Transfers	Reserve Rationalization **	Balances at December 31, 2014	Year-end Reserve Rationalization Adjustments	Capital Commitments *	Balance Available at December 31, 2014
NRPS LTA Financing	$ 912,332	$ 1,147,508	$ -	$ -	$ -	$ 2,059,840	$ -	$ -	$ 2,059,840
Ambulance Communication	1,622,866	-	-	-	-	1,622,866	-	-	1,622,866
Chemical, Biological, Radiological, Nuclear (CBRN) Emergency Response Team	322,816	52,812	-	-	(375,628)	-	-	-	-
Ambulance Replacement	1,412,565	1,125,444	-	-	(2,538,009)	-	-	-	-
Niagara Regional Housing	9,448,931	-	-	-	-	9,448,931	-	-	9,448,931
Fleet Equipment Replacement	3,725,287	1,757,582	(1,976,191)	-	(3,506,678)	-	-	-	-
Police Vehicle and Equipment Replacement	192,591	1,400,000	(1,070,063)	-	-	522,528	-	-	522,528
Welland Canal Crossings	141,695	-	(141,695)	-	-	-	-	-	-
NRH Owned Units	2,248,819	536,808	(521,259)	-	-	2,264,368	-	-	2,264,368
Corporate Employee Recognition Team (CERT)	327,359	(41,850)	-	-	(285,509)	-	-	-	-
PW Field Admin. Equip. Replacement	4,752	116,000	(100,000)	-	(20,752)	-	-	-	-
Senior Capital	2,017,079	396,012	(500,000)	-	(1,913,104)	(13)	13	-	-
Public Health	302,742	(84,800)	-	-	(217,942)	-	-	-	-
Social Assistance	7,985,622	(1,071,849)	-	-	(6,723,718)	190,056	(190,056)	-	-
Children's Services	700,341	-	-	-	(700,341)	-	-	-	-
NRH Rent Supplements	390,425	(24,000)	-	-	-	366,425	-	-	366,425
Police Contingency	486,029	-	-	-	-	486,029	-	-	486,029
Police Services Board Contingency	141,598	-	-	164,306	-	305,904	-	-	305,904
Smart Growth	2,152,804	(79,222)	-	-	-	2,073,582	-	-	2,073,582
Fire Co-ordinator	98,439	15,478	-	-	(112,743)	1,174	(1,174)	-	-
Court Services Facility Renewal	2,665,133	1,000,000	(2,000,000)	(406,745)	-	1,258,388	-	(1,650,000)	(391,612)
Police Capital Levy	1,342,930	1,000,000	(152,072)	-	-	2,190,858	-	(150,000)	2,040,858
General Capital Levy	6,880,393	20,697,073	(16,231,163)	42,452	8,961,693	20,350,448	1,161	(980,000)	19,371,609
Public Health Vehicles & Equipment	366,040	(42,000)	-	-	(324,040)	-	-	-	-
Specialized Transit Equipment	170,739	-	-	-	(170,739)	-	-	-	-
Total Department/Program Specific Reserves	**46,060,328**	**27,900,996**	**(22,692,442)**	**(199,987)**	**(7,927,510)**	**43,141,384**	**(190,056)**	**(2,780,000)**	**40,171,328**

* The capital commitments included represent all approved capital project expenditures budgeted to be funded by development charges and/or federal/provincial gas tax. Each quarter and/or yearend a review of the status of the respective capital projects is completed and revenue earned is allocated accordingly.

** See approved Reserve Rationalization report for full details (CSD 48-2014)

Reserve Summary (continued)

Description	Balances at December 31, 2013	2014 Net Transfers from/(to) Operating	2014 Capital Transfers	2014 Year-end Transfers	Reserve Rationalization **	Balances at December 31, 2014	Year-end Reserve Rationalization Adjustments	Capital Commitments *	Balance Available at December 31, 2014
Police Accumulated Sick Leave	$ 3,828,440	$ 44,932	$ -	$ -	$ -	$ 3,873,372	$ -	$ -	$ 3,873,372
Future Benefit Costs	9,147,694	-	-	-	16,347,414	25,495,108	84,400	-	25,579,508
WSIB	14,087,980	-	-	-	(14,087,980)	-	-	-	-
Accumulated Sick Leave	2,509,434	(165,600)	-	-	(2,259,434)	84,400	(84,400)	-	-
NRH Employee future benefits	792,733	-	-	-	-	792,733	-	-	792,733
Police Future Benefit Cost	2,940,402	912,332	-	-	-	3,852,734	-	-	3,852,734
Police WSIB	2,669,590	-	-	-	-	2,669,590	-	-	2,669,590
Sub-total Employee Benefit Reserves	35,976,272	791,664	-	-	-	36,767,937	-	-	36,767,937
Investment Income Stabilization	1,162,972	(373,301)	-	-	-	789,671	-	-	789,671
Tax Write-off Stabilization	5,000,000	-	-	-	(5,000,000)	-	-	-	-
Self Insurance	2,403,184	(95,000)	-	-	-	2,308,184	-	-	2,308,184
Contingency	9,073,583	(247,836)	-	-	(8,747,436)	78,311	(78,311)	-	-
Improvement Initiatives	1,621,709	(595,000)	-	-	(1,026,709)	-	-	-	-
Taxpayer Relief	5,034,811	(1,724,900)	-	434,168	26,918,777	30,662,856	471,728	-	31,134,584
Total Corporate Stabilization Reserves	60,272,531	(2,244,373)	-	434,168	12,144,632	70,606,959	393,417	-	**71,000,376**

* The capital commitments included represent all approved capital project expenditures budgeted to be funded by development charges and/or federal/provincial gas tax. Each quarter and/or yearend a review of the status of the respective capital projects is completed and revenue earned is allocated accordingly.

** See approved Reserve Rationalization report for full details (CSD 48-2014)

Reserve Summary (continued)

Description	Balances at December 31, 2013	2014 Net Transfers from/(to) Operating	2014 Capital Transfers	2014 Year-end Surplus/(Deficit) Transfers	Reserve Rationalization **	Balances at December 31, 2014	Year-end Reserve Rationalization Adjustments	Capital Commitments *	Balance Available at December 31, 2014
Health Unit Wallington	$ 44,778	$ (44,778)	$ -	$ -	$ -	$ -	$ -	$ -	-
Total Regional Donation Reserves	**44,778**	**(44,778)**	-	-	-	-	-	-	-
FCM Reserve	350,000	(146,639)	-	-	-	203,361	(203,361)	-	-
Circle Route Initiatives	1,482,681	(100,000)	-	-		1,382,681	-	-	1,382,681
Police Ontario Police Video Training Alliance	51,250	(4,400)	-	-	-	46,850	-	-	46,850
Encumbrance	2,523,042	938,228	-	-	-	3,461,270	-	-	3,461,270
Hospital Contribution	(13,772,117)	314,726	-	-	-	(13,457,391)	-	-	(13,457,391)
Land Ambulance Severance	4,681,333	(464,211)	-	-	(4,217,122)	-	-	-	-
Total Regional Commitments Reserves	**(4,683,811)**	**537,704**	-	-	**(4,217,122)**	**(8,363,229)**	**(203,361)**	-	**(8,566,590)**
Wastewater Operating	4,971,555	88,896	-	-	-	5,060,451	-	-	5,060,451
Water Operating	4,766,998	(672,026)	-	(154,233)	-	3,940,739	-	-	3,940,739
Wastewater Capital	55,935,324	21,815,464	(22,205,750)	906,984	-	56,452,022	-	(1,580,000)	54,872,022
Water Capital	74,074,988	19,954,596	(22,613,556)	-	-	71,416,028	-	(500,000)	70,916,028
Waste Management	17,404,401	1,069,650	(1,350,867)	3,579,900	-	20,703,084	-	(1,445,000)	19,258,084
Total Rate Supported Reserves	**157,153,266**	**42,256,581**	**(46,170,173)**	**4,332,651**	-	**157,572,324**	-	**(3,525,000)**	**154,047,324**
Total (Excluding Deferred Revenues)	**$ 258,847,093**	**$ 68,406,130**	**$ (68,862,616)**	**$ 4,566,832**	**$ -**	**$ 262,957,438**	**$ -**	**$ (6,305,000)**	**$ 256,652,438**

* The capital commitments included represent all approved capital project expenditures budgeted to be funded by development charges and/or federal/provincial gas tax. Each quarter and/or yearend a review of the status of the respective capital projects is completed and revenue earned is allocated accordingly.

** See approved Reserve Rationalization report for full details (CSD 48-2014)

Deferred Revenues (Development Charges & Gas Tax Reserve Funds)

Description	Balances at December 31, 2013	2014 Net Transfers from/(to) Operating	2014 Capital Transfers	2014 Year-end Transfers	Reserve Rationalization **	Balances at December 31, 2014	Year-end Reserve Rationalization Adjustments	Due from Area Municipalities	Capital Commitments *	Balance Available at December 31, 2014
Development Charges-General Government	$ 603,447	$ 170,196	$ (2,564)	$ -	$ -	$ 771,078	$ -	$ 18,277	$ (37,436)	$ 751,919
Development Charges-Police Services	694,537	535,781	-	-	-	1,230,319	-	59,132	-	1,289,451
Development Charges-Roads	17,314,896	10,261,444	(4,285,217)	-	-	23,291,123	-	1,139,220	(15,262,843)	9,167,500
Development Charges-Sewer	16,880,948	6,402,648	(779,633)	-	-	22,503,964	-	727,023	(14,182,061)	9,048,925
Development Charges-Water	13,769,137	1,997,867	(159,484)	-	-	15,607,519	-	213,981	(2,168,154)	13,653,347
Development Charges-Emergency Medical	254,253	133,236	-	-	-	387,489	-	16,035	-	403,524
Federal Gas Tax	16,584,206	13,024,696	(19,270,993)	-	-	10,337,910	-	-	(9,459,053)	878,857
Provincial Gas Tax	679,189	47,063	556,982	-	-	1,283,234	-	-	-	1,283,234
Total	$ 66,780,613	$ 32,572,931	$ (23,940,908)	$ -	$ -	$ 75,412,635	$ -	$ 2,173,667	$ (41,109,546)	$ 36,476,756

* The capital commitments included represent all approved capital project expenditures budgeted to be funded by development charges and/or federal/provincial gas tax. Each quarter and/or yearend a review of the status of the respective capital projects is completed and revenue earned is allocated accordingly.
** See approved Reserve Rationalization report for full details (CSD 48-2014)

Development Charge Revenues

	2013 Actuals		2014 Jan - Dec	
Gross Development Charge Revenues	32,246,253		20,689,911	
Less: Discretionary exemptions (Forgone Revenue)	(10,480,276)	32.5%	(2,911,415)	14.1%
Net Development Charge Revenues *	21,765,977	67.5%	17,778,496	85.9%

* Development charge revenues are deposited to the reserve funds above.

Encumbrances

Encumbrance accounting is a mechanism to facilitate the accounting of goods and services where an obligation to purchase has occurred but the goods or services had not been received by year end. Public sector accounting requires the Niagara Region to follow accrual based accounting. This creates a funding complication in that items ordered and services contracted near year end and received subsequent to year end would not be matched to their budgeted funding. Encumbrance accounting was introduced to effectively transfer the budgeted funding for goods and services where a purchase order, contract or other commitment exists, to an encumbrance reserve at year end. Below is a detailed summary of 2014 encumbrances by department as reported in CSD 26-2015.

Description			Amount
General Government			
Non-Profit Regional Development Charge Grants*			150,000
Niagara Sports Commission: Pan Am games administration			14,776
Vineland Research: Federal Economic Development Agency for Southern Ontario supported program			200,000
	Total Encumbrances for General Government		**364,776**
Governance			
Procurement Law Office: Template Overhaul Package			19,000
Ernest & Young: Autism Spectrum Disorders Framework			30,000
	Total Encumbrances for Governance		**49,000**
Corporate Administration			
Loopstra Nixon: Social Housing - Alternative Delivery Options			1,534
Economic Development			
Niagara College Contract			25,000
Planning & Development			
Planscape: Final 2014 Payment			15,000
WaterSmart*			
Port Colborne: Marsh Drain Monitoring		50,000	
Grimsby: Assess urban ditch systems		9,850	
Niagara Falls: Chippawa Shoreline Project		50,000	
Welland: 2014 Leak Detection Program		50,000	
Grimsby: Educational Panels		9,424	
NPCA: Study of Watershed Plans		25,000	
Fort Erie: Hydrant Painting		30,000	
NPCA/NR: Watercourse Mapping		30,000	254,274
Lakefront Enhancement Strategy*			
Grimsby: West End Waterfront Plan		537,204	
Fort Erie: Bay Beach Master Plan		50,000	
St Catharines: Happy Rolphs Waterfront Trails		40,000	
St Catharines: Lakeside and Port Dalhousie Harbour		615,000	1,242,204
	Total Encumbrances for Planning & Development		**1,511,478**

Encumbrances (continued)

Description			Amount
Niagara Regional Housing			
Fridges and Stoves for Portage Road			63,140
Message Centres for Properties			16,648
Furniture for common rooms			111,798
	Total Encumbrances for Niagara Regional Housing		**191,586**
Public Works			
Levy			
Transportation - Hwy 406 Environmental Assessment		18,000	
Transportation - Automatic Traffic Recording		52,500	
Transportation - Routing & Crack Sealing Program		85,745	156,245
Rate			
Water and Wastewater - Grimsby Water Intake		591,009	
Waste Management - Consulting Services for the Assessment of Alternative Waste Management Technologies (2013 - $223,000)		** 203,208	
Waste Management - System Optimization Study		205,000	
Waste Management - Development of the Collection Contract Data Management System (2013 - $100,000)		** 41,801	
Waste Management - HQ Recycling and Organics Containers		21,157	
Waste Management - Development of Conceptual Site Model - Bridge Street Landfill		68,475	
Waste Management - Data Management Service Agreement - Multi-Residential Address Listing		31,000	1,161,650
	Total Encumbrances for Public Works		**1,317,895**
	TOTAL		**3,461,269**

* Incentive programs which promote various types of development. Grant applications have been received and approved. Construction/implementation of the programs span multiple years.

** Encumbrance balances that have been carried over from 2013.

Encumbrance History

	2014	2013	2012	2011	2010
General Government	$ 364,776	$ 98,800	$ -	$ -	$ -
Governance	49,000	-	-	-	-
Corporate Administration	1,534	-	-	-	-
Corporate Services	-	-	200,880	580,593	18,460
Economic Development	25,000	117,634	-	-	-
Planning & Development ***	1,511,478	455,432	833,713	992,671	172,144
Niagara Regional Housing	191,586	-	196,692	157,224	75,808
Public Health	-	405,819	458,087	-	-
Public Works - Levy	156,245	117,129	85,787	217,009	9,686
Public Works - Rate	1,161,650	1,328,228	1,140,693	707,314	793,392
TOTAL	$ 3,461,269	$ 2,523,042	$ 2,915,852	$ 2,654,811	$ 1,069,490

*** For 2014 amount includes $1,496,478 related to incentive programs which promote various types of development. Grant applications have been received and approved. Construction/implementation of the programs span multiple years.

Operating Reserve Transfer Reconciliation

All transfers to and from Reserves and Reserve Funds are identified in an approved annual budget (operating or capital) unless they are inflows received in a Reserve Fund from an outside source (i.e. development charges, gas tax receipts). A new requirement in the reserve and reserve funds policy requires a report outlining any year to date or forecasted inflows and outflows that were not included in the Council approved annual budget. Below is a summary of transfers to and from reserve and reserve funds not approved in the initial annual budget.

Council approved net operating transfers to reserves		**$ 71,279,578**	
Less: Deferred revenue type reserve transfers		(1,028,854)	
Total planned net operating transfers to reserves		**70,250,724**	
Additional operating reserve transfers to/(from) reserves:			
Circle Route Initiatives Reserve	(10,000)		Allocation of funding to install signage on the Greater Niagara Circle Route (GNCRC 3-2014)
Contingency Reserve	(398,535)		To fund 2014 SNIP Payments as per Smart Growth Incentive Programs Financial Update (CSD 70-2014)
Contingency Reserve	120,389		To allocate excess budgeted pay for performance increases to the contingency reserve
Encumbrances Reserve	(2,523,042)		2013 Encumbrances established in accordance with Council report DF86-179 (CSD 14-2014)
Encumbrances Reserve	3,461,269		2014 Encumbrances (CSD 26-2015)
FCM Reserve	(250,000)		To allocate funding for FCM conference (FCM FN 1-2014)
General Capital Levy Reserve	(1,750,000)		To allocate funding source for Lakefront Enhancement Strategy Inventive Program (ZPL1401) as per CSD84-2014
General Capital Levy Reserve	(2,028,613)		Reduction in tranfser to offset negative variance in financial expenditure debt charges
General Capital Levy Reserve	67,240		Proceeds on surplus properties goes to general capital levy reserve. Adjustment to match actual proceeds
Improvement Initiatives Reserve	(1,000,000)		Allocation of funding source as directed by Regional Council (CL 4-2014)
Interest Allocation	1,700,394		Interest allocation to rate reserves in excess of budget per reserve and reserve fund policy
Land Ambulance Severance	(464,211)		To adjust budget to fund two 24hr ambulance crews and two operations supervisors effective 2014 from the Land Ambulance Severance Reserve due to the timing of Ministry funding applications (PHSSC(C) 35-2014)
NRPS LTA Financing Reserve	(322,875)		To accommodate interest accrual on NRP LTA debt issuance (Bylaw 87-2014)
Senior Capital Reserve	(12)		Home funding based on actuals provided by ministry - Amount represents difference between initial budget and funding actually received
Year-end transfers back to reserves	1,553,402	(1,844,594)	Unusued funds transferred back to reserves (CSD 26-2015)
Net operating transfers to reserves		**$ 68,406,130**	

Capital Reserve Transfer Reconciliation

All transfers to and from Reserves and Reserve Funds are identified in an approved annual budget (operating or capital) unless they are inflows received in a reserve fund from an outside source (i.e. development charges, gas tax receipts). A new requirement in the reserve and reserve funds policy requires a report outlining any year-to-date or forecasted inflows and outflows that were not included in the Council approved annual budget. Below is a summary of transfers to and from reserve and reserve funds not approved in the initial annual budget.

Uninitiated 2013 Capital Budget Items (Capital Commitments) at Dec. 31, 2013		**$**	**4,812,530**
2014 Council Approved Capital Budget	133,057,270		
Less: Deferred Revenues type Reserve Fund Transfers	(31,362,500)		101,694,770
Total Planned Capital Reserve Transfers			106,507,300
Unused Capital Reserve Funding Transferred back to Reserve per close-out reports (CSD 03-2014, CSD 29-2014, CSD 49-2014, CSD 84-2014, CSD 89-2014)			
Fleet Equipment	(696,809)		
General Capital Levy - General Government	(850,000)		
General Capital Levy - Planning	1,584,949		
General Capital Levy - Public Works Levy	(7,964,963)		
General Capital Levy - Roads	(200,000)		
NRH Owned Units	4,285		
Police Capital Levy	(1,224,503)		
Police Equipment	(329,937)		
Sewage Operations Capital Works	(8,042,584)		
Waste Management	(3,044,133)		
Water Operations Capital Works	(10,899,444)		(31,663,139)
General Capital Levy - Debt substitution per CSD 107-2013			323,455
Capital Budgets not yet initiated:			
Sewage Operations Capital Works	(1,580,000)		
Water Operations Capital Works	(500,000)		
Waste Management	(1,445,000)		
POA Facility Renewal	(1,650,000)		
General Capital Levy - Roads	(980,000)		
Police Capital Levy	(150,000)		(6,305,000)
Total Capital Reserve Transfers		**$**	**68,862,616**

Capital Summary

The Corporate Services department develops the Capital Affordability Strategy, the Capital Financing Strategy and Capital Budget guidelines in co-ordination with department and board input and in alignment with Council objectives and corporate policies. The Corporate Services department is responsible for the following:

- preparing the consolidated capital budget and forecast based on the requests of departments and boards;
- co-ordinating capital initiations, financing, closure and budget reduction of capital projects approvals and reporting;
- supporting tangible capital asset accounting in accordance with the Capital Asset Management Policy; and
- reporting on the consolidated activity of the capital program.

The capital budget represents priority projects as determined by the departments and boards and approved by Council. Following capital budget approval, projects are initiated based on department requirements and timing to complete projects. Project managers within departments and boards administer the projects and maintain the related tangible capital asset information. Project managers are accountable for monitoring the capital projects within the capital program and taking corrective action, when necessary, including both reporting on significant variances as well as taking part in the capital closure and budget reduction of capital projects process.

Capital Budget Reconciliation

The capital budget managed by Niagara Region has increased by $126.1 million since 2013 year-end. The increase is primarily due to the approval of the 2014 capital budget ($220.0 million), and is offset by $106.6 million in approved closure and budget reduction of capital projects. $38.7 million of total budgets, relating to 14 capital projects, remain uninitiated at December 31 (Levy $35.2 million and Rate $3.5 million). A summary of the levy and rate impact of Niagara Regions total capital budget during the year is presented below:

Capital Budget Reconciliation	Levy Programs	Rate Programs	Total Budget (Including CVR)
2013 Total Budget at December 31, 2013 (as reported)	$ 524,607,645	$ 253,878,903	$ 778,486,548
Capital Variance Reserve and Project Adjustments	8,734,180	(802,155)	7,932,025
2013 Total Budget (Including Capital Variance Reserves - CVR) at December 31, 2013	**533,341,825**	**253,076,748**	**786,418,573**
Increased to Capital Budget with approved funding sources:			
Council Approved 2014 Budget	111,865,911	108,160,000	220,025,911
Gross Budget Adjustments	833,434	718,260	1,551,694
Total Increased to Capital with approved funding sources	**112,699,345**	**108,878,260**	**221,577,605**
Increase to Capital Budget using Project Reserves:			
Capital Variance Reserves	3,839,272	972,115	4,811,387
Total Increase to Capital Budget using Project Reserves	**3,839,272**	**972,115**	**4,811,387**
Approved Closure and Budget Reduction of Capital Projects:			
CSD 03-2014 Closure and Budget Reduction of Capital Projects	(17,161,995)	(6,915,000)	(24,076,995)
CSD 29-2014 Closure and Budget Reduction of Capital Projects	(8,759,744)	(17,182,049)	(25,941,793)
CSD 49-2014 Response to Council Information Request and Closure of Capital projects	(11,018,455)	(3,075,485)	(14,093,940)
CSD 65-2014 Niagara Regional Police Voice Radio System Contract Award	(2,000,000)	-	(2,000,000)
CSD 89-2014 Closure and Budget Reduction of Capital Projects	(22,369,048)	(18,099,856)	(40,468,904)
Total Approved Closure and Budget Reduction of Capital Projects	**(61,309,242)**	**(45,272,390)**	**(106,581,632)**
2014 Total Budget (Including CVR) at December 31, 2014	**588,571,200**	**317,654,733**	**906,225,933**
Forecasted surplus amounts at December 31, 2014	(1,650,000)	-	(1,650,000)
2014 Total Adjusted Budget (Including CVR) at December 31, 2014	**$ 586,921,200**	**$ 317,654,733**	**$ 904,575,933**

Capital Project Summary

Once a project is initiated, multiple sub-projects may be set-up to manage the overall project. Illustrated below is the $904.6 million capital budget managed by Niagara Region, representing 735 sub-projects, total capital spending to date of $482.2 million and budget remaining of $422.4 million. This chart represents (in aggregate), currently active and uninitiated sub-projects managed by Niagara Region. Capital project detail for 74 sub-projects with remaining budgets greater than $1 million are discussed on subsequent pages.

Departments and Boards	Total Budget	Capital Variance Reserves (CVR)	Total Budget (Including CVR)	Project-to-date Actuals	Budget Remaining
Projects with remaining budgets >$1 million					
Community Services	$ 4,700,000	-	4,700,000	$ 278,667	4,421,333
Corporate Services	16,340,000	-	16,340,000	2,564,830	13,775,170
Court Services	16,600,000	-	16,600,000	1,069,371	15,530,629
Niagara Regional Housing	2,098,157	-	2,098,157	694,667	1,403,490
Niagara Regional Police Services Board	99,826,000	-	99,826,000	42,290,774	57,535,226
Public Health	6,475,412	-	6,475,412	1,058,440	5,416,972
Public Works - Levy	156,728,250	3,612,738	160,340,988	49,494,011	110,846,977
Waste Management	3,950,000	945,000	4,895,000	61,128	4,833,872
Wastewater	88,931,925	2,344,875	91,276,800	8,869,487	82,407,313
Water Works	44,530,000	-	44,530,000	12,153,840	32,376,160
Total Projects with remaining budgets >$1million	440,179,744	6,902,613	447,082,357	118,535,216	328,547,142
Projects with remaining budgets <$1million	446,565,930	10,927,646	457,493,576	363,655,743	93,837,833
Total Capital Projects	**$ 886,745,674**	**17,830,259**	**904,575,933**	**$ 482,190,959**	**422,384,974**

Capital Sub-Project Detail

In addition to the capital project summary, a detailed analysis of capital sub-projects with budgets remaining greater than $1 million is presented below. There are a total of 74 sub-projects totaling $447.1 million of approved capital budget. Project spending to date on these sub-projects amounts to $118.5 million, representing 26.5 per cent of the approved capital budget on these sub-projects. Excluding the larger multi-year projects with budgets greater than $20 million, 25.4 per cent of the approved capital budgets have been spent.

Sub-project estimated year of completion have been provided by the accountable project manager.

Project Description	Total Budget	Capital Variance Reserves (CVR)	Total Budget (Including CVR)	Project-to-date Actuals	Budget Remaining	Year
Community Services						
Northland Pointe Siding Replacement	$ 4,700,000	-	4,700,000	$ 278,667	4,421,333	2015
Total Community Services	**4,700,000**	**-**	**4,700,000**	**278,667**	**4,421,333**	
Corporate Services						
Financial Management System	12,940,000	-	12,940,000	2,527,436	10,412,564	2017
IT Server Building	3,400,000	-	3,400,000	37,395	3,362,605	2016
Total Corporate Services	**16,340,000**	**-**	**16,340,000**	**2,564,831**	**13,775,169**	
Court Services						
Court Facilities Renewal (3 sub-projects)	16,600,000	-	16,600,000	1,069,370	15,530,630	2016
Total Court Services	**16,600,000**	**-**	**16,600,000**	**1,069,370**	**15,530,630**	
Niagara Regional Housing						
Building Capital	2,098,157	-	2,098,157	694,667	1,403,490	2015
Total Niagara Regional Housing	**2,098,157**	**-**	**2,098,157**	**694,667**	**1,403,490**	
Niagara Regional Police Services Board						
Communications Unit Back-up	2,250,000	-	2,250,000	-	2,250,000	2016
Long-term Accommodations - HQ/Admin (3 sub-projects)	83,076,000	-	83,076,000	34,391,822	48,684,178	2015
NRPS - IT Continuity Plan	1,500,000	-	1,500,000	213,696	1,286,304	2016
Voice Radio System	13,000,000	-	13,000,000	7,685,256	5,314,744	2016
Total Niagara Regional Police Services Board	**99,826,000**	**-**	**99,826,000**	**42,290,774**	**57,535,226**	
Public Health						
2014 Ambulance & Equipment Replacement	2,475,412	-	2,475,412	1,035,373	1,440,039	2015
Public Health Facilities - Niagara Falls	2,900,000	-	2,900,000	23,059	2,876,941	2017
Welland EMS Facility	1,100,000	-	1,100,000	8	1,099,992	2015
Total Public Health	**6,475,412**	**-**	**6,475,412**	**1,058,440**	**5,416,972**	

Capital Sub-Project Detail (continued)

Project Description	Total Budget	Capital Variance Reserves (CVR)	Total Budget (Including CVR)	Project-to-date Actuals	Budget Remaining	Year
Public Works - Levy						
Cpcty Imprv-Recon RR 49 (McLeod Rd), Montrose Rd to Stanley Ave, NF	9,875,883	-	9,875,883	39,640	9,836,243	2017
Cpcty Imprv-Recon RR 57 (Thorold Stone Rd) ext east of Stanley Ave	6,380,000	-	6,380,000	1,345,992	5,034,008	2016
Embankment Stabilization RR 14 (Canboro Rd) at Warner	2,400,000	-	2,400,000	649,623	1,750,377	2017
Old Hwy 20, Lookout St to Haist St	5,285,000	-	5,285,000	3,219,690	2,065,310	2015
Rds Rehab - Roads Resurfacing Program	4,075,000	-	4,075,000	1,818,850	2,256,150	2015
Rds Rehab - Roads Resurfacing Program Ph 2	775,000	2,375,000	3,150,000	1,367,199	1,782,801	2015
Rds Rehab-Canborough Rd from Townline to RR20	6,413,434	116,566	6,530,000	4,297,982	2,232,018	2015
Rds Rehab-Glendale Ave recon & widening-Jacobsen Ave to Burleigh Hill	1,000,000	-	1,000,000	-	1,000,000	2018
Rds Rehab-Lakeshore Rd (Ph 2) recon from Lakeport to Lake St	3,950,000	-	3,950,000	16	3,949,984	2016
Rds Rehab-Lakeshore Rd West recon from Third St to Seventh St	1,000,000	-	1,000,000	-	1,000,000	2018
Reconst RR 102(Stanley Ave), Thorold Stone Rd to Valley Way - Phase 3	6,876,638	1,121,172	7,997,810	3,086,992	4,910,818	2016
Rehab RR 5(Killaly St), King St to Steele St	5,297,295	-	5,297,295	3,548,119	1,749,176	2015
Rehabilitation RR 101 (Portage Rd), Mountain Rd to Stanley Ave, Ph 2	2,100,000	-	2,100,000	843,242	1,256,758	2015
Rehabilitation RR 18 (Mountain Rd), George St to King St, LN	1,650,000	-	1,650,000	401,339	1,248,661	2016
Replacement of Burgoyne Bridge (18 sub-projects)	91,350,000	-	91,350,000	25,075,050	66,274,950	2017
Struc Rehab-Main St Bridge (str 027220)	5,600,000	-	5,600,000	3,800,278	1,799,722	2015
Struc Rehab-OPG Bridges (str 067205 & 050215 over Gibson Lake)	2,700,000	-	2,700,000	-	2,700,000	2016
Total Public Works - Levy	**156,728,250**	**3,612,738**	**160,340,988**	**49,494,012**	**110,846,976**	
Waste Management						
Bridge St - Public Drop Off Depot Improvement	1,245,000	-	1,245,000	-	1,245,000	2016
Municipal Hazardous and Special Waste facility	1,500,000	-	1,500,000	3,040	1,496,960	2015
Recycling Centre - Facility Improvements	1,205,000	945,000	2,150,000	58,088	2,091,912	2015
Total Waste Management	**3,950,000**	**945,000**	**4,895,000**	**61,128**	**4,833,872**	

Capital Sub-Project Detail (continued)

Project Description	Total Budget	Capital Variance Reserves (CVR)	Total Budget (Including CVR)	Project-to-date Actuals	Budget Remaining	Year
Wastewater						
Chippawa Sewer Flooding - CSO Tank Construction	2,655,125	2,344,875	5,000,000	1,140,293	3,859,707	2015
Lakeshore (NOTL), Garrison, William PS Upgrades	3,667,453	-	3,667,453	404,781	3,262,672	2016
Misc Prgm-Biogas Utilization	1,080,000	-	1,080,000	-	1,080,000	2015
NOTL WWTP Capacity Expansion	44,781,800	-	44,781,800	4,596,511	40,185,289	2017
PS Capacity Expansion Prg-Smithville PS capacity upgrade Ph 1	9,640,000	-	9,640,000	216,252	9,423,748	2015
PS Improvement Program - Ontario St SPS	3,000,000	-	3,000,000	127,855	2,872,145	2015
Pumping Station Improvement Program (4 sub-projects)	8,932,547	-	8,932,547	20	8,932,527	2016
Sewer & Forcemain Prg-Park Rd Sewer Repl	5,000,000	-	5,000,000	15,770	4,984,230	2015
Sewer & Forcemain Program	2,000,000	-	2,000,000	-	2,000,000	2016
South Side Low Lift Pump Station Upgrade	2,500,000	-	2,500,000	312,590	2,187,410	2016
Stevensville Pump Station Forcemain Replacement	1,675,000	-	1,675,000	469,657	1,205,343	2015
Welland WWTP Upgrade Program	2,500,000	-	2,500,000	1,496,771	1,003,229	2018
WWTP Upgrade Prg-Port Dalhousie WWTP Upgrade-Laneway Upgrades	1,500,000	-	1,500,000	88,985	1,411,015	2015
Total Wastewater	**88,931,925**	**2,344,875**	**91,276,800**	**8,869,485**	**82,407,315**	
Water Works						
Decew WTP Upgrade based on age/cond	9,000,000	-	9,000,000	7,336,131	1,663,869	2015
Grimsby WTP Brick Replacement	3,000,000	-	3,000,000	1,646,906	1,353,094	2014
Misc Prgm-Port Colborne Storage	5,530,000	-	5,530,000	340,513	5,189,487	2016
Water Treatment Plant (WTP) Upgrade Program - Welland WTP Upgrade	24,500,000	-	24,500,000	2,830,096	21,669,904	2017
WTP Upgrade Prgm-Roof Replacement prgm at water facilities	2,500,000	-	2,500,000	195	2,499,805	2016
Total Water Works	**44,530,000**	**-**	**44,530,000**	**12,153,841**	**32,376,159**	
Total Projects with remaining budgets >$1 million	**$ 440,179,744**	**6,902,613**	**447,082,357**	**$ 118,535,215**	**328,547,142**	

Capital Project Negative Budget Variances

The Capital Asset Management Policy requires capital projects to be monitored to identify projects for which a funding deficit has occurred and provides guidelines for addressing those deficits. Criteria used to identify significant variances are those greater than $5,000 and five per cent over total budget at a parent project level (based on active remaining sub-projects). The policy also requires that projects be put on hold where they have been reported two times consecutively until such time as a funding source has been identified.

Project Description		Total Budget (Including CVR)	Project-to-Date Actuals	$ Variance	% Variance	Explanation
General Government						
ZGG1002 - Niagara District Airport	$	11,735,357	12,192,353	(456,996)	**3.89%**	The Niagara District Airport project, funded through the Infrastructure Stimulus Fund (ISF) has completed construction however the project remains open due to deficiencies. The majority of these deficiencies have been rectified however there remains a performance issue related to the asphaltic concrete pavement on the apron. Additional costs are possible yet unknown at this time as they are dependent on the outcome of the deficiencies and legal action. Funding of $500,000 included in 2015 capital budget to fund shortfall.
Transportation						
ZRC1244 - Roads Rehabilitation - Bike lanes Lakeshore Rd, Townline to Creek	$	150,000	186,570	(36,570)	**24.38%**	In May 2007, a consultant was retained to carry out the Class Environmental Assessment and Pre-Design for the rehabilitation of Regional Road 87 (Lakeshore Road). Soon after, the project was put on hold pending Region's/Town's transportation study for the proposed "Project Niagara" development. In early 2012, staff instructed the consultant to re-activate the Class Environmental Assessment Study for the rehabilitation of Lakeshore Road. In order to complete the Study, some tasks that were previously undertaken needed to be updated (ie transportation analysis, road safety assessment, additional Public Information Centres, and associated Class EA agency/stakeholder consultation). Therefore the project's negative variance is related to the additional engineering services in order to complete / update the additional tasks.
Waste Management						
ZGL1320 - Humberstone-Access Rd and Public Drop-off	$	350,000	388,782	(38,782)	**11.08%**	The variance relative to the identified budget is a function of a revised scope of work to address critical issues (i.e., settlement and ponding, deteriorated sections road etc.) in a strategic manner so as to avoid any pavement condition issues in the near future. Work outlined in the 2013 business case did not contemplate concrete pad work on the west end of the PDC and the amount of additional drainage (catch basins and weeping tile) that was required to ensure the proper drainage.

Capital Project Negative Budget Variances (continued)

Project Description	Total Budget (Including CVR)	Project-to-Date Actuals	$ Variance	% Variance	Explanation
Wastewater					
ZSW1308 - Sewer & Forcemain Program - Jordan Valley Forcemain	$ 750,000	870,102	(120,102)	**16.01%**	Increased costs are due to an increase to the horizontal directional drilling portion of the work due to unforeseen ground conditions and utilities that were encountered. This work is being done in conjunction with pump stations upgrades (SW1113) which currently are under budget with $449,069 of unspent budget remaining.
Water Works					
ZCW1001 - Grimsby WTP Channel Remediation	$ 325,000	366,364	(41,364)	**12.73%**	This project was for Channel Remediation and Process Waste Dechlorination at the Grimsby water treatment plant. There is a unfavourable variance for the dechlorination portion of the project due to higher than anticipated costs for this portion of the project, however the channel remediation project was completed and closed with a $415,891 favourable variance.
Niagara Regional Housing (NRH)					
ZRH1206 - Community Remediation (COM33-2010) (Broadoak Phase 2)	$ 6,182,469	6,622,278	(439,809)	**7.11%**	As part of the 2013 Year-end Transfer Report, the NRH Board recommended (approved per CSD 11-2014) that $482,517 be transferred to the General Capital Levy Reserve for the Broadoak development project in the event that energy rebates still pending are not approved. As of December 31, Levy Reserve funds have not been transferred to Broadoak as the status of the rebates is still outstanding (NRH continues to pursue rebates).
Total	**$ 19,492,826**	**$ 20,626,450**	**$ (1,133,624)**	**5.82%**	

Note: Generally funding shortfalls are funded from the Capital Variance Reserve upon closeout of the project.

Levy Budget Adjustment Summary

Throughout the year, budget adjustments are made to reflect revised external funding for levy programs and to reallocate costs between departments or accounts due to operational changes. The primary drivers of the external funding adjustments are Ministry funded programs as they set their budgets following Regional levy budget approval. However, the Ministries want to see these dollars reflected in the Region's levy budget. For this reason, adjusting the gross levy budget throughout the year has been a long standing practice of the Niagara Region. Adjusting the gross levy budget has no impact on the net tax levy as both external revenue and expenses are increased equally to reflect program requirements. The net tax levy budget is not adjusted. Below is a summary of gross levy budget adjustments that have been processed to date. Reallocations of costs within departments or categories are not summarized below. The adjusted budget is presented throughout this reporting book.

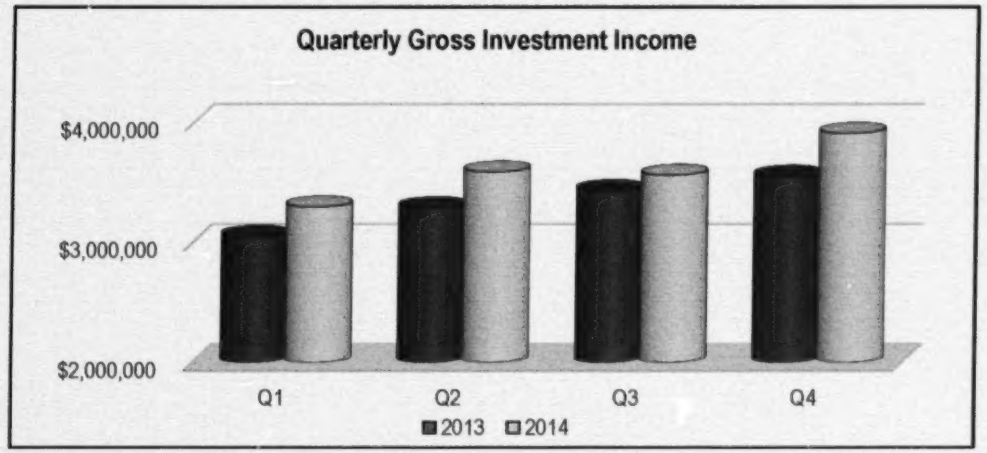
Original Budget Revenue & Expenditures		**$ 670,252,125**	
Budget Adjustments*			
Public Health	$ 165,548		To adjust Mental Health budget due to the additional funding for Early Psychosis Intervention Expansion and Elimination of the Paymaster Agreement for Homelessness consortium.
Public Health	248,492		To record Ministry of Health and Long-term Care approved one time funding announced in November 2014 for Healthy Community Fund Partnership and Panorama (Public Health Funding and Accountability Agreemet, effective January 1 , 2014, Schedule A-1)
Public Works	(493,771)		To realign Provincial Gas Tax funding that is recorded directly into reserves as opposed to going through operating.
General Government	134,551		To adjust budgeted expenditures to offset known increase in supplemental tax revenue.
Planning & Development	(100,000)		To reduce budgeted expenditures to offset known reduction to miscellaneous revenue budget.
Emergency Services	(12,565)		To reduce budget as Emergency Services is not providing CPR/First Aid training for the Region in 2014 and future years.
Emergency Services	(184,552)		To reduce the land ambulance grant budget down to expected actual 2014 grant (as per Ministry of Health and Long-term Care funding letter HLTC3967FL-2014-34).
Emergency Services	464,211		To adjust budget to fund two 24hr ambulance crews and two operations supervisors effective 2014 from the Land Ambulance Severance Reserve due to the timing of Ministry funding applications (PHSSC(C) 35-2014).
Emergency Services	64,478		To develop budget for Omega project for 2014 in that the project is moving forward with a now known staffing level/operational structure.
Emergency Services	465,913		To adjust budget for actual Offload Nurse Funding announced in October 2014 for the period April 2014 to March 2015 (as per Ministry of Health and Long-term Care funding letter HLTC3967FL-2014-144).
Emergency Services	(42,518)		To adjust budget to recognize the download of lease and telelphone costs from the Ministry of Health and Long-term Care and to reallocate other budgeted expenditures per forecasts/actual funding to be received (as per Ministry of Health and Long-term Care funding letter HLTC3967FL-2014-164).
Planning & Development	1,750,000		To allocate funding source for Lakefront Enhancement Strategy Incentive Program (ZPL1401) as per CSD84-2014.
Community Services	159,809		To increase budget for 1.0 fully funded temporary full time equivalent non-union staff (FTEs) approved as the LIP project coordinator from Jan-Dec 2014 as per COM 09-2014.
Total Budget Adjustment		**2,619,596**	
December 31, 2014 Adjusted Budget		**$ 672,871,721**	

*Adjustments to the original gross revenue & expenditure budget.

Investment Report

Institution	Aggregate Amount of Investment by Institution	Percentage Holdings by Security excluding Cash Balance
Investments		
Region of Niagara	24,455,613	5.8%
Federal	14,530,140	3.4%
Provincial	141,866,086	33.6%
Municipal	68,080,461	16.1%
Corporate	172,719,069	41.0%
TOTAL excluding Cash	421,651,369	100.0%
Cash (General Checking) *	30,327,066	
Cash (Savings)	101,521,042	
Cash (Sinking Fund)	218,704	
TOTAL including Cash	553,718,181	

*Cash balances shown are the amounts held by the financial institution at the end of the quarter and do not include adjustments for outstanding payments or deposits. Unrealized exchange on U.S. funds of $954,472 is included.



Funds	Book Value	Weight Q4
Cash	131,848,108	23.8%
Cash Equivalents < 1 Year	92,229,941	16.7%
2 Year	64,967,257	11.7%
3 Year	45,226,615	8.2%
4 Year	37,991,668	6.9%
5+ Year	174,981,890	31.6%
Sinking Fund (Incl. Cash)	6,472,702	1.2%
Total Portfolio	553,718,181	100%

	Q1	Q2	Q3	Q4	Total
2014 Budget (Net)	2,795,632	3,173,275	3,379,467	3,926,746	13,275,120
2014 Actual (Net)	3,777,292	3,587,176	3,559,814	4,282,554	15,206,836
Variance	981,660	413,901	180,347	355,808	1,931,716

Note: Net amounts are after recommended transfer from Investment Income Stabilization Reserve ($373,301 in Q4) and Hospital Contribution Reserve ($482,024 in Q1).

Investment Update

Investment earnings on the portfolio for the fourth quarter of 2014 amounted to $3,909,253. Segmented earnings were $3,195,392 on investments and $713,861 on the cash balance. The fourth quarter annualized yield on the investment and cash portfolio was 2.84 per cent vs. 2.69 per cent in Q3 2014. At December 31, 2014, the portfolio had unrealized market gains (market value vs. book value including accrued interest) of $9,007,497. Total gross investment income for 2014 is favourable when compared to the budget by $1,931,716.

List of Investments Outstanding as of December 31, 2014

Institution	Aggregate Amount of Investment by Institution	Percentage Holdings by Security excluding Cash Balance	Percentage Policy Limits
Region of Niagara Debentures	**24,455,613**	**5.8%**	**100.0%**
Federal			
CMHC	4,262,322	1.0%	100.0%
Export Development Canada	10,267,818	2.4%	100.0%
Federal Total	**14,530,140**	**3.4%**	**100.0%**
Provincial			
Province of Ontario	57,300,527	13.6%	25.0%
Province of Quebec	17,568,471	4.2%	25.0%
Province of Alberta	10,060,194	2.4%	25.0%
Province of B.C.	2,920,943	0.7%	25.0%
Province of Manitoba	10,382,193	2.5%	25.0%
Province of Newfoundland	4,488,702	1.1%	25.0%
Province of New Brunswick	2,462,027	0.6%	25.0%
Province of Nova Scotia	2,504,242	0.6%	25.0%
Province of Prince Edward Island	1,049,717	0.2%	25.0%
Ontario Hydro	18,808,984	4.5%	25.0%
Quebec Hydro	14,320,084	3.4%	25.0%
Provincial Total	**141,866,086**	**33.6%**	**75.0%**
Municipal			
City of Guelph	996,312	0.2%	5.0%
City of London	1,998,677	0.5%	5.0%
City of Montreal	5,173,643	1.2%	5.0%
City of Ottawa	358,708	0.1%	5.0%
City of Saskatoon	3,330,843	0.8%	5.0%
City of Toronto	17,968,261	4.3%	5.0%
Disrict of Muskoka	175,392	0.0%	5.0%

Institution	Aggregate Amount of Investment by Institution	Percentage Holdings by Security excluding Cash Balance	Percentage Policy Limits
Municipal Continued			
Municipal Finance Authority of BC	11,040,482	2.6%	5.0%
New Brunswick Municpal Finance Authority	6,368,996	1.5%	5.0%
Region of Durham	300,780	0.1%	5.0%
Region of Halton	2,812,008	0.7%	5.0%
Region of Peel	539,239	0.1%	5.0%
Region of Waterloo	8,836,293	2.1%	5.0%
Region of York	3,420,009	0.8%	5.0%
York Region District School Board	4,760,816	1.1%	5.0%
Municipal Total	**68,080,461**	**16.1%**	**25.0%**
Corporate			
Bank of Montreal	30,830,899	7.3%	15.0%
National Bank of Canada	30,200,000	7.2%	15.0%
Royal Bank	38,039,845	9.0%	15.0%
CIBC	19,657,227	4.7%	15.0%
CHIP Mortgage Trust	2,343,098	0.6%	15.0%
Bank of Nova Scotia	25,258,000	6.0%	15.0%
HSBC Bank of Canada	19,890,000	4.7%	15.0%
Tangerine Bank	1,000,000	0.2%	15.0%
Vancity Credit Union	5,500,000	1.3%	15.0%
Corporate Total	**172,719,069**	**41.0%**	**50.0%**
TOTAL excluding Cash	421,651,369	100.0%	100.0%
Cash and Cashable GIC's	**$132,066,812**		
TOTAL including Cash	553,718,181		

Corporate Financial Statistics

	2014	2013	2012	2011	2010	2009
Affordability						
Net levy	$ 312,304,925	$ 303,105,214	$ 294,544,180	$ 282,829,024	$ 282,549,699	$ 280,257,383
Net levy per capita	$ 700	$ 681	$ 659	$ 656	$ 637	$ 633
Reserve Balances						
Levy reserves (before yearend transfers)	$ 105,150,933	$ 96,322,140	$ 98,054,930	$ 115,252,555	$ 122,548,068	$ 133,621,809
Levy reserves as a % of levy	33.67%	31.78%	33.29%	40.75%	43.37%	47.68%
Rate reserves (before yearend transfers)	$ 153,239,674	$ 151,048,641	$ 135,944,430	$ 120,511,216	$ 144,133,978	$ 115,131,571
Rate reserves as % of rate requisition	108.56%	106.78%	97.33%	88.37%	107.14%	88.18%
Net Long Term Debt						
Debt servicing as a % of own source revenues	6.56%	6.77%	7.53%	8.44%	6.77%	6.55%
Debt as a % of own source revenues	48.87%	41.82%	45.29%	50.40%	56.39%	32.94%
Credit rating	AA stable	AA stable	AA stable	AA stable	AA stable	AA stable
Net long-term debt	$ 270,562,587	$ 228,613,129	$ 243,163,351	$ 264,167,325	$ 295,527,843	$ 167,571,880
Net long-term debt per capita	$ 606	$ 513	$ 544	$ 612	$ 666	$ 378
Net debt charges	$ 36,343,643	$ 37,010,766	$ 40,437,634	$ 44,259,801	$ 35,480,909	$ 33,307,433
Net debt charges per capita	$ 81	$ 83	$ 91	$ 103	$ 80	$ 75
Annual repayment limit	$ 101,475,374	$ 96,182,374	$ 90,120,066	$ 95,547,000	$ 87,754,000	$ 81,724,000

Accounts Receivable Aging Report

The accounts receivable aging report reflects all unpaid accounts greater than 120 days and greater than $25,000.

Customer Name	Over 120	Explanation of Account	Recommendation
DMX Plastics Ltd	$ 29,203	Accounts Receivable over 120 was $94,406. Company set up a payment plan with the Niagara Region of $4,500 to be paid monthly via post-dated cheques. Next scheduled payment is for the end of January	No action required
Casino Niagara	347,745	2011 short payment of $125,684 and 2012 short payment of $222,061 relating to the Casino/NRPS contract.	Requested for write-off at 2013 year-end. Write-off request was denied.
Senior Resident	51,974	In 2014 Public Guardian and Trustee took over the file. Niagara Region's legal department is involved and a statement of claim has been issued. Collection efforts have not yet been exhausted.	Collection to continue
Senior Resident	34,872	In 2011 the financial Power of Attorney passed away before the resident and no one was looking after the finances. In 2014, Public Guardian and Trustee finally took over and has notified us that the estate was insolvent.	To be included in 1st Quarter 2015 Write-off Report
Merritton Mills Redevelopment Corp	1,054,926	2007 Landfill tipping fees. A 2011 report illustrated the 4 developments to which the payments relate. Niagara Region is working with the City of St. Catharines to collect these fees through the Tax Increment Based Grant program over the next 10 years (344 Glendale and 271 Merritt Street).	Negotiations to continue
Keefer Developments	108,287	Landfill disposal fees from 2002, 2003, 2004 & 2005 waived pending the Tax Increment Grant agreement between developer and City of Thorold. Niagara Region is in discussions with the City of Thorold and the Developer on an agreement to recover these fees.	Negotiations to continue
	$ 1,627,007		

Explanation of Statement of Operations

The statements of operations provided in the preceding pages summarize the Niagara Region's financial operating activity as of December 31, 2014. These statements have been compiled by Corporate information and provided commentary.

These statements present the net funding position of Niagara Region's operating budget and do not include Private Sector Accounting (PSA) adjustments for amortization, employee future benefits and l transfers to/from reserves can offset other variances and impact net surplus/deficit reported by departments. These statements do not include capital activity.

Definitions are provided below to support the report.

Report Columns

Annual Budget - represents the annual budget approved by council with budget adjustments as explained on page 211.

Actuals – represents actual costs incurred and revenues earned from January to December. Departments have accrued for goods or services received but not yet paid for and revenues earned but not

Annual Budget vs Actual Variance Favourable/(Unfavourable) - represents the difference between the annual budget and the actuals. An unfavourable variance (i.e. actual expenditures are greater budgeted) is shown as a negative and a favourable variance (i.e. actual expenditures are less than budgeted or actual revenues are greater than budgeted) is shown as a positive.

Report Rows

EXPENDITURES

Personnel Costs - includes all salaries, benefits and personnel related allowances (meals, clothing, training, etc).

Administrative Expenses - includes some allowances (car, mileage, etc.), memberships, training and related expenses and other miscellaneous expenses.

Materials, Supplies and Utilities - includes costs for; chemical, medical and office supplies, small equipment, waste management supplies, and all utilities.

Repairs & Maintenance - includes all costs to repair or maintain equipment, property and vehicles.

Purchased Services and Other Operating Expenses - includes costs for audit, advertising, consulting, insurance, leases, contracted services, Court Services expenses and other expenses.

Social Assistance - costs include all Ontario Works allowances and benefits program costs.

Financial Expenditures - includes all interest charges, principal debt payments, tax write-offs, and bad debt expense. The debt related charges included in this section are allocated to departments tho

Capital Equipment and Renovation - costs include all capital expenditures processed through the operating statement.

Niagara Regional Housing (NRH) Provider Subsidy and Supplements - includes all rent supplements and the use of all housing related subsidies.

Transfer to Reserves - includes all transfers of funds in the current year from the operating program to a reserve. At a corporate level the net of the transfers to reserves and the transfers from reserves reserves in the year.

Explanation of Statement of Operations (continued)

Allocations Between Departments – includes all direct rate-based costs that are allocated to the beneficial recipient by the department providing the service or goods and calculate recover the costs incurred by the service provider (time and material).

Allocations to Capital Program – includes all eligible costs recorded and managed in the operating program allocated to the capital program.

Indirect Allocation – includes all costs that are not directly traceable to a specific program or department (i.e. HR, finance, legal, IT, properties, print shop and communications). Indi that require an allocation to determine full cost of the program or service.

Capital Financing Allocation – includes allocations of all debt charges incurred to programs and services based on projects the debt is issued to fund.

REVENUES

Taxation – Levy - includes all revenues received from area municipalities including payment-in-lieu and supplemental. It also includes power dams revenue.

Taxation – Rate - includes all funds received to support waste management, water and wastewater operations.

Ontario/Canada Grants - includes all funds received from the provincial and federal governments.

Quarterly Financial Update

Niagara Region

March 3, 2015